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Second day of Iraq-Iran direct talks

Tehran sets out its 'criteria for peace'

GENEVA, Aug. 26, (Agencies): Iran today seemed to be taking an early uncompromising line in the UN-sponsored peace talks with Iraq, pressing for the swift formation of an independent body to assign blame for the war and sticking to a border treaty that has been unilaterally renounced by the Baghdad leaders.

The Gulf foes resumed face-to-face talks this evening after meeting separately earlier in a move which had sparked diplomatic speculation their efforts to achieve a Gulf war peace had run into trouble.

"How long this meeting is going to last I cannot tell you," UN spokesman Francois Giumi told reporters at 6 pm (1600 GMT). "It has just got under way a few minutes ago."

Plan

After a 2-1/2 hour formal opening session yesterday, the two sides left the negotiating chamber and met separately, with UN officials shuttling between the delegations.

The talks at arm's length prompted speculation among diplomats that Iranian Foreign Minister Ali Akbar Velayati and his Iraqi counterpart, Tariq Aziz, hit a snag in trying to thrash



Perez de Cuellar (right) greets Velayati. (Reuters wirephoto)



Tariq Aziz

out ways of implementing a UN-sponsored peace plan.

"Things are not going brilliantly well," a Western diplomat said, adding that Iran and Iraq differed on the order in which the UN peace plan should be tackled.

But UN officials insisted the talks were going normally.

Perez de Cuellar met the two ministers before the direct talks resumed.

Tehran's position in the talks was laid out in a brief public

statement by Velayati on the second day of the negotiations aimed at a settlement widely predicted to be months, if not years away.

Velayati named three Iranian "valid criteria" for reaching a "comprehensive, just and honourable peace." They included the UN ceasefire Resolution 598, an "outline plan" prepared by UN Secretary-General Javier Perez de Cuellar for implementing the resolution, and the 1975 Algiers Treaty between Iran and

Iraq that was designed to settle centuries of border disputes between the two countries. That treaty was repudiated by President Saddam Hussein on Sept. 17, 1980.

Velayati did not elaborate on the "outline plan" in his brief statement in front of more than 100 reporters at the Geneva UN office. But he was evidently referring to a paper prepared by Perez de Cuellar last fall.

In a follow-up April 13 message to the Security Council,

which was later leaked to the press, the UN chief executive proposed specifically that "on D-Day (the official ceasefire date) the impartial body to inquire into responsibility for the conflict shall begin its work."

Promised

Iran has repeatedly stated that it was the promised formation of that body that made it eventually accept Resolution 598 last month. It expects the body to identify Iraq as the aggressor, a verdict that could also be the basis for reparations claims.

Iran also holds that the 1975 border treaty concluded between Iraq and Shah Reza Pahlavi has remained in force and that the unilateral repudiation by Baghdad is incompatible with international law.

The most contentious part of that treaty delineated the boundary along the 203-kilometre

UN observer dies from sunstroke

COPENHAGEN, Aug. 26, (Reuters): A Danish officer observing the Gulf war ceasefire in Iraq died in a Baghdad hospital after suffering from sunstroke, UN military spokesman said today.

Major Niels Stig Preben Andersen, 55, died yesterday.

Chief-of-staff pledges support for elections

Stay out of politics, Pakistan Army told

ISLAMABAD, Aug. 26, (Reuters): Pakistan's new Army chief, General Mirza Aslam Beg, yesterday told the military — which has ruled the country for more than half its 41 years of existence — to stay out of politics.

The official APP news agency said Beg, speaking eight days after the suspected assassination of military President Mohammad Zia-ul-Haq, told senior officers the security and integrity of Pakistan was the sole concern of the armed forces.

The general pledged his support for elections scheduled for Nov. 16.

Offing

Beg referred to Pakistan's "march towards the cherished goal of democracy." Pakistani observers could not recall a senior serving officer making such a strong commitment to civilian rule and democracy.

The Army has seized power three times since independence from Britain in 1947. Earlier this week rumours swept the country that another coup, against civilian acting President Ghulam



Gen. Beg

Ishaq Khan, was in the offing. Beg, the Chief of Army Staff, paid tribute to his predecessor and termed his death in an unexplained plane crash a conspiracy, APP said.

He also referred to what he called threatening statements made by a Soviet spokesman and by Indian Prime Minister Rajiv Gandhi two and four days before the Aug. 17 crash.

He said the Army had no lust

for power. "He advised the armed forces to keep aloof from politics and said that it was the sole domain of the politicians," APP said.

Former Prime Minister Mohammad Khan Junejo welcomed today the pledge from Beg to help restore elected government.

"I think it is a positive statement by a general," Junejo said in an interview. "I think he wanted to give forthright guidelines to the military."

Reflecting

"He is the first commander of the Army who is not involved in politics," Junejo said. "He is purely an Army officer."

Respected newspaper columnist Mushahid Hussain said Beg was clearly reflecting Army thinking. But he said the speech also seemed to be setting an agenda as to how the country should be run.

The Army chief gave strong support to the cause of Afghan anti-communist rebels and to Pakistan's close relationship

(Continued on Page 2)

Elections will be held on schedule: Ishaq Khan

ISLAMABAD, Aug. 26, (Reuters): Acting President Ghulam Ishaq Khan declared today that there would be no deviation on Pakistan's road to democracy and urged political leaders to co-operate.

In a television address to mark the end of the 10-day mourning period for military President Mohammad Zia-ul-Haq, he urged people to forget their petty differences and bury their prejudices.

Ishaq Khan, 73, said elections will be held on schedule on Nov. 16 and pledged that power would be handed over after polls in accordance with the constitution.

"I am sure that the election results will be accepted by the nation with an open mind," he said.

He was speaking a day after the new Army chief had thrown his support behind the elections and transition to a civilian government after Zia's 11-year rule.

Meanwhile, the Pakistan Muslim League (PML), which governed under Zia from 1986 to last May, split in two. A faction of Zia proteges including at least six current ministers met to choose a new party leadership.

The rival faction led by former Prime Minister Mohammad Khan Junejo, who was sacked by the late President in May, said the meeting was illegal.

Conceded

The Muslim League was expected to offer the main challenge to opposition leader Benazir Bhutto's Pakistan People's Party in the November polls and political observers said the split should improve her chances.

PML members said the party leadership had been offered to Ishaq Khan, the Senate chairman, in a bid to bridge the gap. He did not accept the offer.

Some 8,000 people, including Afghan guerrillas, attended a rally in Rawalpindi to pay their respects to Zia at the end of the

official mourning period.

In his 15-minute address, Ishaq Khan conceded that Pakistan, where the Army has seized power three times, had a poor record of observing the constitution.

But the authorities had shown their determination in the peaceful transfer of power at Zia's death on Aug. 17.

"We have a constitution and we have complete faith in democracy," he said. "No departure from the constitutional path is thus permissible."

"In all these difficult stages of the journey to democracy, I will need full co-operation from you and political leaders," he told the nation.

"I am sure that I will get from you not only prayers but your practical co-operation."

Benazir and other opposition leaders have promised to support Ishaq Khan in following the constitution and seek to avoid any action which might antagonise the military.

Widow freed on bail

Political row over murder of Modi

NEW DELHI, Aug. 26, (Reuters): Allegations of illicit sex and political muck-raking are emerging in the Indian media as police investigate the murder of national badminton hero Syed Modi.

Modi's widow, Amita, was freed on bail today after being questioned for six days by detectives investigating who shot the 25-year-old athlete on July 28 after a training session in the north Indian city of Lucknow.

The Press Trust of India news agency said Amita, 24, was ordered not to leave New Delhi, where she had been interrogated by detectives from the Central Bureau of Investigation.

Indian reporters have written that detectives investigating the case told them Amita was having an affair with family friend Sanjay Singh, once close to Prime Minister Rajiv Gandhi but now a leading opposition figure.

Affair

The detectives were quoted as saying the affair was revealed in diaries and letters seized from Modi's house and that a car in which the assassins travelled to kill Modi belonged to a close associate of Singh.

Amita has described the reports as "a cock and bull story," denying she had an affair with Singh and saying she did not believe he was behind her husband's murder.

Sanjay said Amita was simply his best friend's wife and also denied any sexual involvement.

He has accused Rajiv of trying to frame him because of his involvement with the opposition Jan Morcha (people's front) set up by disenchanted former members of the prime minister's ruling Congress (I) Party.

Sanjay is married to a niece of Vishwanath Pratap Singh, founder of the Jan Morcha.

Sanjay is one of the Jan Morcha's main supporters in Uttar Pradesh state, which elects 85 of the country's 544 members of parliament.

Police searched Sanjay Singh's home earlier this week but said they could not track him down to question him.

Sanjay surfaced in New Delhi on Tuesday and held a news conference to proclaim his innocence.

On Thursday he went to meet police interrogators in Lucknow, capital of Uttar Pradesh, accompanied by India's top opposition leaders in a cavalcade of 30 cars.

Denying

Sanjay is the son of the late Raja of Amethi and wields considerable influence in his father's former principality.

Amethi is also Rajiv's parliamentary constituency and Sanjay has pledged to use his influence to ensure the prime minister loses in general elections due by the end of 1989.

The government issued a statement denying the Modi investigation was being used for political purposes.

Brunei's Sultan: the richest person

NEW YORK, Aug. 26, (AP): The Sultan of the tiny, oil-rich nation of Brunei is the world's richest person, worth an estimated \$25 billion, Fortune Magazine reports.

Following is the Mars candy-making family of the United States, worth \$12.5 billion, the magazine said.

Fourth is Britain's Queen Elizabeth II with \$8.7 billion. Next is the Newhouses, whose communications holdings are worth \$8 billion. In sixth place is retail King Sam Walton, founder of Wal-Mart Stores, and family, worth \$7.4 billion. Seventh is Canada's Reichmann family, with \$6.3 billion in assets that range from swank New York real estate to interests in railroads and utilities.

Eighth is Kenneth Irving and family, a Canadian clan that owns 400 companies worth \$6.2 billion. Ninth is Kenneth Thomson and family, Canadian owners of a publishing, retailing, energy and real estate empire worth \$6 billion. And in 10th place is Gerald Grosvenor and family, British land barons worth \$5.4 billion.

Chinese jets

NEW DELHI, Aug. 26, (KUNA): China has provided Pakistan with three squadrons of F-7P fighter planes recently, it was reported here today.

These aircraft were delivered to Pakistani authorities in Lhasa capital of Tibet.

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- میں آئے گی
- انتخابات وقت پر ہوں گے
- بے نظیر بنیاد کی بنیاد سے
- انٹرویو
- مسلم لیگ دو حصوں میں
- بٹ گئی
- برا کے جیل بنگاموں میں
- ایک ہزار قیدی ہلاک
- لاہور نامہ اور یو سی فٹ

WEATHER

NORMAL summer weather with light to moderate south-easterly wind.
State of sea: slight to moderate
High water: 11:00 am
Low water: 5:00 am, 6:00 pm
Sunrise: 5:25 am
Sunset: 6:15 pm
Maximum temperature recorded:
Kuwait: 46°C (115°F)
Abu Dhabi: 43°C (109°F)
Fulaika: 41°C (106°F)
Maximum temperature expected:
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Abu Dhabi: 42°C (108°F)
Fulaika: 40°C (104°F)

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Israel to expel Arabs only in extreme cases

TEL AVIV, Aug. 26, (Reuters): Israel, responding to a US protest, has said it will expel Palestinian activists only in exceptional cases.

The Foreign Ministry yesterday evening formally replied to Washington's warning that bilateral relations would be damaged if Israel went ahead with the expulsion of more Palestinians from the occupied territories.

"We stressed that expulsions are unusual measures taken under unusual circumstances," spokesman Alon Liel said after a meeting at the American embassy between the head of the ministry's North American desk, Michael Shilo, and the US Charge d'Affaires, John Becker.

Protested

"We said that we will limit their use to extreme cases in which the person has taken part in or incited violence," Liel said. He added that expulsions had reduced violence and he asked American understanding of Israel's position.

In Washington, the State Department yesterday repeated the US protest, leaked earlier this week and described by one senior

Israeli official as unprecedentedly harsh.

Spokeswoman Phyllis Oakley told reporters the US was shocked by the number, which is approaching 60, and the fact that the expulsions are becoming the norm rather than the exception.

She was referring to the 34 Arabs expelled since the Palestinian revolt erupted in December and deportation orders served on 25 more last week.

The Israeli Foreign Ministry is trying to delay the deportation of 25 Palestinians after the US protest, ministry sources said today.

They said the Foreign Ministry had in the past persuaded the Defence Ministry to reduce the number of deportees to cushion the blow to foreign relations.

Denied

"We warned the Ministry of Defence regarding certain reactions," said one source who asked not to be identified. "After this wave of protest we should be very, very careful of our image abroad."

Prime Minister Yitzhak Shamir denied there was a crisis in relations with the United States.

Security Council to meet on chemical weapons

UNITED NATIONS, Aug. 26, (AP): The Security Council today called a meeting to denounce the use of chemical weapons in the Gulf war.

A draft of a British resolution offered to the council expressed dismay over the "continued use of chemical weapons in the conflict between Iran and Iraq."

In New York yesterday, Sir Crispin Tickell, the British Ambassador to UN, said the issue of whether a denunciation of the use of chemical weapons would complicate the peace talks in Geneva "must in some respect be secondary. The Security Council must take a very clear position on the horrors of chemical warfare without regard to whoever has used them most recently."

Subroto arrives in Kuwait

OPEC's Secretary-General Dr Subroto arrived in Kuwait yesterday.

He was received upon arrival by President of the Kuwait Oil Company, Abdel Malek Al Gharibilly and Indonesia's ambassador to Kuwait. (See Page 12)

Palestinian trade union centre closed

'Israeli soldiers are worse than animals'

OCCUPIED JERUSALEM, Aug. 26, (Reuters): American human rights activists ending an Arab-sponsored stay in the occupied West Bank and Gaza Strip said yesterday that Israeli soldiers behaved worse than animals towards Palestinians.

The 12 Americans stayed for two weeks in Arab homes on a programme called Eyewitness, funded by the Arab-American Anti-Discrimination Committee (ADC), geared to show foreigners Palestinian life under Israeli military occupation.

Terrorism

Jacqueline Muth, a freelance writer from West Virginia, said she met a seven-year-old girl in a refugee camp whose teeth were knocked out and lip split by soldiers because she peeked out of her house during a curfew.

She called the soldiers worse than animals. Her colleagues nodded in agreement.

"Evidently they have no conscience whatsoever," she said. "I don't know how they can do these things."

Norman Finkelstein, a political science professor at Brooklyn College, said that on his first day in the West Bank Israeli plainclothes men shot dead a 12-year-old boy running beside him in the Jalazoun refugee camp.

"I cannot imagine circumstances that justify acts that can only be described as terrorism," he said, adding that the boy was running away at the time. "There is simply no excuse for the things that we saw."

As the group left Jalazoun after meeting Palestinians, the Army imposed a curfew.

"There was no pretence of giving a reason for it," said Finkelstein. "In my language, those curfews are taking villages hostage."

Israel today closed a key Pales-

tinian trade union centre for a year, saying it was involved in organising the uprising in the occupied West Bank and Gaza Strip.

Two more Palestinians died, one struck by a military jeep and the other succumbing in hospital to Army gunfire wounds, taking the death toll in the eight-month-old revolt to at least 265 Palestinians and four Israelis.

Inherited

The closure, part of a clamp-down using sweeping emergency powers inherited from pre-1948 British rule in Palestine, was a blow to Palestinian efforts to establish parallel institutions in the occupied territories.

It came a day after the United States said it would consider withdrawing lucrative Israeli trade privileges because of a denial of trade union rights for Palestinians.

Right-wing Industry and

Trade Minister Ariel Sharon said the Palestinian unions were "cover names for terror organisations in Judea and Samaria."

Israel's biblical names for the West Bank.

Police searched the Palestinian Professional Associations Centre in the Arab East Jerusalem suburb of Beit Hanina, seized documents and sealed the building, police spokesman Rafi Levy said.

The centre grouped associations of doctors, dentists, pharmacists, lawyers, engineers, agronomists and veterinary surgeons which had formal links with Jordan before King Hussein severed legal ties with the West Bank on July 31, and have since operated in a legal vacuum.

The PLO has vowed to fill the vacuum left by Jordan's disengagement and local PLO activists have tried to take over former Jordanian institutions.

(Continued on Page 2)

INTERNATIONAL

Stay out of politics, Pakistan Army told

(Continued from Page 1)

with the United States. He also stressed the need for an "objective, selfless and clean" political leadership.

Beg, 57, who was promoted from Vice-Chief of Army Staff within hours of Zia's death, said Pakistan was passing through the most critical period of its history.

"We will have to make right decisions as there is no room for ill-planned steps in such difficult situations," he said.

Ishaq Khan, who as senate chairman assumed the presidency under the constitution, had said the armed forces chiefs supported his commitment to constitutional rule. But Beg's one-hour speech was the first direct confirmation.

The Army chief said he had agreed to Ishaq Khan's declaration of emergency on Zia's sudden death so that no one could exploit the situation and harm the country.

The armed forces would continue this role till the elections and the establishment of an elected government, APP quoted him as saying. It was not clear whether this meant the state of emergency would remain in force until November.

A joint US-Pakistani team is investigating the plane crash, which Pakistani officials suspect was caused by a bomb, missile or technical sabotage. But no findings have yet been published officially.

Tehran sets ...

(Continued from Page 1)

(127-mile) Strait of Hormuz, Iraq's only access to the open sea. It made the median line the boundary for the whole length of the disputed area, granting Iran its claim to the eastern half of the waterway.

Meanwhile at the UN both Iran and Iraq accused each other of new ceasefire violations in letters to Perez de Cuellar.

The alleged incidents ranged from the killing of an Iraqi soldier on Aug 20 by Iranian gunfire to an Iranian complaint that Iraqi forces poured oil onto the Konjam-Cham road to Mehran on Aug 21, blocking access to Iranian military traffic.

Thousands rally in Rangoon to demand democracy

Burmese regime near collapse

RANGOON, Aug 26, (Reuters): The daughter of Burma's national hero Aung San demanded today that the socialist government resign immediately, as the regime appeared near collapse.

But at a jubilant mass rally she also declared that discipline was essential to achieve democracy.

"Democracy can only be obtained in a peaceful and unified way," Aung San Suu Kyi, a rallying figure for the rampant opposition, told hundreds of thousands of people gathered on a slope beneath the gleaming golden Shwedagon Pagoda, Burma's holiest Buddhist shrine.

Referendum

It was a day of high emotion and confusion among the throngs sweeping the capital, with diplomats sensing a growing concern that the leaderless opposition could lose its way now that its goal of toppling the 26-year socialist state was within reach.

Aung San Suu Kyi, roared on by a crowd waving banners and flags, said unity must be maintained between the people and the Army, which withdrew from the streets when martial law was lifted on Wednesday.

The BBC said security forces opened fire to quell prison riots killing 1,000 inmates.

It said prisoners set fire today to buildings at Insein jail, 13 kilometres (eight miles) north of Rangoon. The prisoners demonstrated for the return of democracy.

Maung Maung, leader of the ruling Burma Socialist Programme Party (BSPP), bowed to the demands of the national uprising, setting a timetable for a referendum to approve restoration of the pluralist democracy abandoned after the 1962 coup.

Aung San Suu Kyi, one of several personalities emerging in the opposition, said it was too late for a referendum, proposed for Sept 12.

"An interim government the people can trust must be formed to hold general elections as soon as possible," she said.

Her speech was poorly heard through an inefficient public address system. It was delivered at the site of an historic speech by Aung San himself in 1946, the year before he was assassinated in the run-up to independence from Britain.

Heavy monsoon rains soaked

the crowds and many went home, although thousands of others formed groups that danced and chanted their way through the old city's streets.

The demonstrators have risen up across the country of nearly 40 million people, defying threats and wild street shooting by the Army, to force two socialist leaders from power in the last month.

Diplomats said if the pressure was maintained on the tattered remains of Maung Maung's party and government, it would collapse. "I think it will go down," a Western ambassador said.

As police and intelligence units joined the marchers, another diplomat said: "It is more and more likely they will have to give up."

Burma has been paralysed by the insurrection and a national strike. Rangoon port stood idle. No newspapers were published. Government officials marched with the demonstrators. Train and bus services were disrupted.

"You could go so far as to say there is no administration in Rangoon any more and we are hearing the same from the other cities," the diplomat said.

Local residents have set up neighbourhood committees to assume responsibility for security of each district.

Discipline

Students leaders lent their voices to calls for maintaining discipline as the government teeters on the brink and concern grew over a possible breakdown of services.

A Burma Airlines flight to Bangkok was cancelled and airline staff joined the demonstrators but it was not clear whether the airport itself was still functioning.

Diplomats, expecting a quieter weekend, said the lack of an obvious leader among the protesters was beginning to be felt.

"There is a weird and rather uneasy feeling in Rangoon. Many people have started to worry about the future," a Western diplomat said.

Residents said that now police and troops had been pulled out, there was concern about banditry and looting.

At Insein Prison, where 2,750 people detained during earlier protests were released, jailers shot several long-term criminal prisoners who rioted in one wing, diplomats said.



Demonstrators shake hands with soldiers who emerged from behind wire barricades when the government lifted martial law in Rangoon. (Reuters wirephoto)

NATO suffers serious damage

East bloc spy ring smashed

BONN, Aug 26, (Reuters): A tip from US officials led to the smashing of a spy ring in West Germany, Sweden and elsewhere in Western Europe — a network Bonn said had inflicted serious damage on NATO.

Eight arrests have been made so far.

Security officials said yesterday the first arrest was of retired US Army sergeant James Lee Conrad at his home in Kaiserslautern, site of a major American base, on Tuesday after a tip-off from the United States.

Conrad sold NATO ground war contingency and supply plans to Hungarian intelligence agents and possibly to other East bloc countries for large sums of money, said Alexander Prechtel, a spokesman for the federal prosecutor's office.

The harm done by Conrad — who had access to NATO war contingency plans — and his spy ring, made this a "very serious

case," one West German security official said.

Conrad, 42, served at the Bad Kreuznach base south of Bonn for seven years until he retired from the US Army in 1985. He had been spying since at least 1980, Prechtel said.

As administrator of a confidential military archive at Bad Kreuznach, Conrad had wide access to top secret Western defence plans, Prechtel added.

In Stockholm, two Swedish doctors of Hungarian origin admitted spying against NATO for Hungarian intelligence services, a Swedish prosecutor said.

"They have admitted they were recruited by Hungary as agents and worked against NATO," prosecutor Sven Olof

Hakansson told Swedish Television.

He said he believed the two unidentified doctors had operated as couriers for Conrad's spy ring, passing his secrets on to Hungarian intelligence agents.

They were among three suspects detained in the Swedish west coast port of Gothenburg.

We also have technical evidence in the form of spy equipment found in their homes," Hakansson said.

Hakansson said he had filed for a court order to keep the two doctors in custody pending possible charges.

The third Swedish suspect, wife of one of the doctors and also of Hungarian origin, was still being questioned.

UK censors reject demand for ban on Last Temptation

LONDON, Aug 26, (AP): British film censors on Thursday rejected demands by Christian leaders to ban the controversial movie "The Last Temptation of Christ" and said it can be shown without any cuts.

Attorney-General Patrick Mayhew, the government's senior law officer, said last week he was considering filing blasphemy charges to prevent its showing in Britain. He has not yet announced a decision.

But the 22-member British Board of Film Classification said after screening the film on Thursday that no British jury would find it blasphemous and it can be shown to anyone over the age of 18.

The movie is "plainly sincere and the atmosphere reverent," said a board statement.

Chairman James Ferman said in the statement that the board had received legal advice before ruling on the film and had invited 28 "church people" to view it.

"While different views have been taken as to the film itself, it is clear that it has not been made in a spirit of malice, nor does it vilify Christ in his life or his crucifixion," Ferman said.

Criticism

The Martin Scorsese film, which has been playing to packed houses since mid-August in the United States, has been criticised as allegedly reinterpreting the bible. In one scene, the crucified Jesus hallucinates about marrying prostitute Mary Magdalene and making love to her.

The Anglican Bishop of St. Albans, John Taylor, who went to the screening, said "The Last Temptation" was marred by historical inaccuracies and a pre-occupation with bloodshed.

"This is even more objectionable than the nudity and sexual scenes," he said. "Its combination of fiction and fantasy causes it to be a serious distortion of Christian truth."

The film's British distributors, United International Pictures, hope to distribute "The Last Temptation" to London cinemas by Sept 9.

Lebanese Muslims stage protest strike

BEIRUT, Aug 26, (Reuters): Lebanese Muslims staged a general strike today in a campaign for more political power fuelled when Christian groups blocked the election of a pro-Syrian President.

Pro-Syrian Muslim leftist leaders called the stoppage which closed shops, offices, schools and most businesses in West Beirut and other Muslim and Druze areas around the country.

Syrian-held Christian areas in north Lebanon were also affected by the action, organised after Christian deputies failed to attend a parliamentary session due to elect a successor for President Amin Gemayel last week.

The election was postponed indefinitely when Parliament failed to achieve a quorum of its 76 surviving members.

The pro-Syrian leaders accused the hardline Christian Lebanese Forces militia, the Army, the United States and Israel of sabotaging the poll, in which Syrian-backed Suleiman Franjeh was the front-runner.

The pro-Syrian groups also demanded the abolition of political and sectarian domination by Christians of the judicial, executive and legislative branches and the Army.

Black market currency traders did brisk business in West Beirut where banks were closed in response to the strike. Dealers roamed the once posh Hamra shopping strip with large money bags and calculators.

Sparked

They bought Lebanese pounds at 410 to the dollar, compared with the official close of 398 yesterday which represented a nine per cent drop over one week.

The plunge was sparked by fears the political impasse over Gemayel's successor would spark fresh fighting.

If no consensus is reached before Gemayel's term ends on Sept 23, he would have the constitutional right to dissolve the cabinet now headed by a Sunni Muslim and form a transitional government headed by a Maronite Christian.

Burundi seeks help after massacres

NAIROBI, Aug 26, (Reuters): Burundi has appealed for emergency aid to help 100,000 refugees it says need food, clothing, shelter or medicine after a wave of killings.

As the refugee influx into neighbouring Rwanda topped 45,000 today according to relief workers there, diplomats contacted by Reuters in Kigali said they could not be sure that the killings had ended.

"The situation is rather confused," said one Western diplomat. "On one hand the president says everything is calm, but then there are other statements about pockets of resistance or people in hiding."

The Burundi authorities have accused Burundian emigres of provoking inter-tribal bloodshed earlier this month but refugees streaming out of the country have told stories of large-scale butchery by armed forces.

The Burundian government, requesting outside help after a bloodbath in which it says 5,000 people died, told of houses burned, crops destroyed and shortages of food, clothes, tents and medicine, the diplomat said.

The Foreign Affairs Ministry, in a circular to embassies in Bujumbura yesterday, said a three-month international effort was needed to help life get back to normal in the areas where the killings had occurred.

Visit

Another diplomatic source said discussions were going on among Western government representatives on the need for an impartial international observer team to visit the northern areas where the massacres had happened.

Belgian Foreign Affairs Minister Leo Tindemans called in the Burundian ambassador on Wednesday to press for international observers to be allowed in.

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'Israeli soldiers are worse than animals'

(Continued from Page 1)

Some 200,000 Palestinians were confined to their homes by Army curfews today, despite the lifting of curfews in the largest Gaza Strip refugee camp of Jabalya. Nablus, the biggest West Bank city with a population of more than 100,000, was under curfew for the second straight day.

An Army spokesman said a military jeep struck and killed Mariam Khoury, 65, in the village of Abud, near Ramallah. At Mokassed Hospital in East Jerusalem, 16-year-old Ayman Izzat Ramadan, died of injuries from a clash with troops on Aug 16 in Tell village near Nablus.

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Sad moment for an Iranian

GENEVA, Aug 26, (Reuters): The Iranian correspondent was close to tears as he watched the Gulf war peace negotiators take their seats eight metres away from each other.

"It's a sad moment. We fought for eight years and now we have to sit face to face and talk with these people," he said.

Peace hopes were tinged with bitterness as Iranian and Iraqi delegates filed into the old brass-and-marble UN council chamber decorated with symbolic gold and sepi murals.

The talks will be played out in front of scenes of victory and defeat, liberation and reconstruction, painted by Spaniard Jose Maria Sert in 1936 in the high-ceilinged chamber first used as the seat of the council of the League of Nations.

Diplomat to visit jailed Briton

LONDON, Aug 26, (Reuters): A British diplomat will be allowed to visit a Briton detained in Iran for almost three years, the Foreign Office said today.

David Reddaway, the first British diplomat to visit Tehran for a year, will see businessman Roger Cooper tomorrow in the city's Evin jail.

Cooper has been held in solitary confinement since he was detained on suspicion of spying in 1985.

"The Iranian Foreign Ministry told Mr Reddaway he can see Mr Cooper tomorrow morning," a Foreign Office spokesman said.

Villagers killed

COLOMBO, Aug 26, (Reuters): Suspected Tamil rebels butchered and beheaded 10 Sinhalese villagers in the jungles of eastern Sri Lanka, a police official said today.

He said police were led to the bodies by a villager who had escaped the killings.

The villagers, all men, had gone into the remote Marawela jungle in Amparai district to collect firewood when they were attacked yesterday.





Takeshita and his wife Nako are entertained by hundreds of dancing and singing Chinese schoolchildren during welcome ceremonies in front of the Great Hall of the People in Beijing. (Reuters wirephoto)

Deng calls for mutual trust with Japan

BEIJING, Aug. 26, (Reuters): China's top leader Deng Xiaoping today called for a new relationship with Japan "based on mutual trust" as he met Japanese Prime Minister Noboru Takeshita in the Chinese capital.

During a short meeting at the Great Hall of the People, Deng told Takeshita he hoped for "a new type of relationship... based on mutual trust," as China's official media played down past arguments between Beijing and Tokyo.

Deng said the new relationship should be "not lower" than that forged during the 1970s when the two nations established diplomatic ties.

The official People's Daily newspaper today printed an optimistic commentary emphasizing the growth of trade and other contacts between the two countries in the past 10 years.

"The road cannot always be smooth," it added. Relations between the two countries have been clouded by issues as varied as memories of the Japanese invasion in the 1930s, and current trade disputes.

The mild language contrasted with the stormy rows between Tokyo and Beijing in mid-1987.

while Yasuhiro Nakasone was prime minister. Deng then asserted that Japan was entirely to blame for the tensions.

The official New China News Agency today reported without comment Japan's plans to increase its defence budget — a source of Chinese protests in the past.

Deng, although still regarded as China's most powerful figure, told Takeshita he was no longer as busy as party leader Zhao Ziyang and Premier Li Peng, and described himself as "one of those replaced" in the leadership last year.

Loan
Takeshita yesterday said Japan would give China a loan of 810 billion yen (about \$6 billion) from 1990 to 1995.

The loan would be used to improve China's roads, telecommunications, sewage systems and power supplies.

According to Tokyo's figures, China has turned its once-huge trade deficit with Japan into a 550 million surplus in the first half of 1988.

The two sides are due to sign an investment protection treaty aimed at increasing what Beijing sees as lagging Japanese investment in China.

Sikhs raid train in Punjab

CHANDIGARH, Aug. 26, (Reuters): Sikh separatists posing as plain clothes police boarded a passenger train in the north Indian state of Punjab yesterday, then left with a policeman, a militiaman and the three prisoners they were guarding.

Police said they first knew of the raid was when the three prisoners gave themselves up at the police station in Amritsar, the Sikh holy city.

The prisoners, who were being taken to Amritsar to face trial, said they were freed after the militants discovered they were facing criminal charges and were not accused of terrorism.

The captured policeman also escaped, but there was no immediate word on the militiaman, police said.

They added that 12 militants boarded the train at a stop in a town, near Amritsar.

More than 1,700 people have been killed this year in the militants' campaign for an independent Sikh homeland in Punjab.

Afghan rebels lose control of Kunduz

KABUL, Aug. 26, (UPI): Afghan guerrillas have captured provincial capitals in northeastern and central Afghanistan but lost control of the nearby town of Kunduz, Soviet sources said yesterday.

Afghan officials also reported that a rocket that landed in Kabul yesterday killed two people, ending a five-day respite from attacks by rebels in the surrounding mountains.

A Western diplomat and Soviet sources said a garrison of government troops had abandoned the provincial capital of Bamian, about 153 km west of Kabul, allowing the rebels to take control.

The Western diplomat said heavy fighting had forced the Soviet-backed government forces to abandon Bamian, but a Soviet source said the troops left in a peaceful withdrawal from the town of about 7,000 people a week ago.

"The rebels did not take it," the Soviet source said. "The Army left and they simply walked in."

A diplomat in Islamabad also said the rebels seized Taloqan, capital of northeastern Takhar province, more than two weeks

ago, about the same time as the fall of Kunduz.

A diplomat in Islamabad, quoting Afghan sources' confirmed reports said, Afghan troops had recaptured the capital of Kunduz province, but said, "apparently no attempt has been made to retake Taloqan."

The guerrillas have temporarily taken a number of provincial capitals since the Soviet Union May 15 began a scheduled nine-month withdrawal of its more than 100,000 troops from Afghanistan.

In addition to Kunduz, Western diplomats say the resistance held Qalat, capital of southern Zabul province, for about four days in June, and Maidan Shahr, capital of Wardak some 24 km southwest of Kabul, for some 48 hours early last month.

The diplomats and resistance sources said the guerrillas were forced to withdraw from Qalat and Maidan Shahr by heavy Afghan and Soviet bombardment.

Diplomats Tuesday reported aircraft based in the Soviet Union conducted daily raids of Kunduz and Soviet military transport was used to take troops to the city.

Aquino accepts Marcos' return home

MANILA, Aug. 26, (Reuters): Philippine President Corason Aquino has accepted that Ferdinand Marcos, the man she drove from power two years ago, might eventually return from exile in Hawaii, her spokesman said today.

"She has accepted that," Teodoro Benigno said when asked by reporters if Aquino saw Marcos' return as inevitable.

Solicitor-general Francisco Chavez has said Marcos could be brought back to face criminal charges expected to be filed by the end of the year.

The President had earlier ruled out his returning, saying he could come back only if he turned over billions of dollars he allegedly stole from the country.

Benigno said she changed her mind a few months ago after Swiss courts said they could only help return money said to be stashed away in secret bank accounts if Philippine courts brought criminal charges against him.

Aquino, in a meeting today with government officials and congressmen, discussed how to protect "national interest" while observing Marcos' right to face trial in person, the spokesman said.

Charge
Chief Southern delegate Park Jun-Kyu said after today's three-hour, 10-minute session, the fourth since Aug. 19, that he had made a last appeal to North to send their athletes to Seoul but to no avail.

"Our contacts are not over, and we agreed to meet again," he told reporters. "But on the Olympic question, it's over or almost over."

At a separate news conference outside the conference room, just south of the offensive line draws,

Helicopters, gunboats shell camps in S. Lebanon

Israel hits Palestinian bases

SIDON, Aug. 26, (Reuters): Israeli air and naval forces attacked Palestinian military targets near the southern Lebanese port of Sidon on Thursday, wounding five Palestinians, police said.

They said three Israeli Cobra helicopter gunships fired several rockets at the Ain Al Hilweh Palestinian refugee camp, levelling bases of the Popular Front for the Liberation of Palestine (PFLP) and the Palestine Struggle Front (PSF).

The police said Israeli gunboats off the coast 40 km south of Beirut also fired on Ain Al Hilweh and Miyeh Miyeh settlements, which house some 80,000 Palestinians.

One rocket hit a Palestinian checkpoint at the edge of Ain Al Hilweh, wounding three guerrillas, they said, and two Palestinian civilians were hurt when a rocket slammed into their house.

Other rockets fell in olive groves surrounding Ain Al Hilweh and Miyeh Miyeh camps.

Black smoke billowed from the area as the helicopters thundered overhead, drawing fire from Palestinians armed with Soviet-made SAM-7 anti-aircraft missiles and heavy machine-guns, witnesses said.

In Tel Aviv, an Israeli Army spokesman said only aircraft took part in the attack, and not gunboats. He said the target was a Palestinian base.

In the nearby port of Tyre, Israeli patrol boats exchanged machinegun fire with a small boat off the coast earlier on Thursday, the sources said.

They said the boat could have been carrying Palestinian guerrillas trying to infiltrate into Israel, but they had no further details.

14th strike
Security sources said the Israeli strike, the 14th in Lebanon this year and the second on Palestinian posts near Sidon this month, was apparently in retaliation for an attempt by Palestinian guerrillas to sneak into Israel from south Lebanon last Friday.

The three guerrillas, from the PFLP, were shot dead by Israeli troops.

On Aug 9 Israeli jets attacked Palestinian military positions in Miyeh Miyeh, killing two Palestinians and wounding 10 others.

Thursday's attack came one day after Israeli troops punched six km beyond their security zone in south Lebanon to attack pro-Iranian Hezbollah militants.

Five Hezbollah members were killed and six Israelis were injured.

Casualty
Hundreds of militants of Hezbollah gathered on Thursday to mourn their fighters killed by Israeli troops.

Witnesses said bearded gunmen in military fatigues carried the coffins draped with the green, red and white Iranian flag to a cemetery at the village of Sohmor in eastern Lebanon.

Turbaned Hezbollah officials and Iranian revolutionary guard leaders headed the mourners, who vowed to avenge

the killing of the five and to "hit Israel at any time and in any place."

Down with Israel, down with America," they chanted, waving clenched fists in the air.

Meanwhile, UN peacekeepers found a bomb-laden car near one of their checkpoints in south Lebanon early today and were trying to defuse the device, a UN spokesman said.

The spokesman said a French-designed Renault car rigged with "a quantity of explosives" was found parked within a few metres of a checkpoint manned by Fijian soldiers of the UN Interim Force in Lebanon.

According to the spokesman the car was parked on the main highway near the Qlaileh junction, eight kilometres south of this southern port city.

The peacekeepers "blocked traffic along the highway shortly after the car was discovered. UNIFIL experts are trying to defuse the bomb," the spokesman added. He did not elaborate.

Israeli rightist parties unite
OCCUPIED JERUSALEM, Aug. 26, (AP): Two parties forming Prime Minister Yitzhak Shamir's Likud bloc formally united yesterday after a 23-year partnership into a single party which will seek to win the November general elections.

The union was a formality since the two parties have fielded a joint list of candidates for parliament since 1965. But some political observers said it constituted a final victory for the right wing views of the Herut Movement over the more moderate Liberal Party.

Northern delegate Chun had been demanding the convening within days of a full session of both country's parliaments in Pyongyang to debate the Olympic issue together with a proposed common declaration of non-aggression.

The South argued that such a meeting, involving about 1,000, would be unwieldy and ineffective at such a late stage. It said such matters should be discussed at a smaller forum, and suggested convening about 20 lawmakers from each side.

after the 1950-53 Korean war, Northern chief delegate Chun Kum-Chol said the South was deliberately blocking Pyongyang's participation in the Games.

"I confirmed this time that the South side... was merely interested in blowing the Olympic question away in his winds. If the South is willing to accept our proposals, we are ready to meet even tomorrow," Chun said.

North Korea, angry at the decision of the International Olympic Committee (IOC) to award the 1988 Games to the capital of its bitter rival, has been demanding the right to co-host the event.

Although both Seoul and the IOC rejected the co-hosting idea, they did reluctantly approve a compromise deal offering Pyongyang the right to stage a handful of events. The North refused and threatened to boycott the Games.

The latest talks, prompted on the Southern side by public pressure not to exclude Northmen ally-

Mahathir suffers political setback

JOHOR BARU, (Reuters): Aug. 26, Malaysian Prime Minister Mahathir Mohamad's setback in a by-election today could trigger a campaign to remove him from the embattled United Malays National Organisation (UMNO), political analysts said.

Mahathir's candidate, Haji Mas'ud Abdul Rahman, was routed in the poll in Johor Baru by former Welfare Minister Shahrir Abdul Samad, who had the backing of UMNO dissidents and the main opposition parties.

"The outcome of the by-election is the first strong message to Mahathir that the people are not happy with his policies and are willing to identify themselves with his rivals," said political analyst Ahmad Shabri Cheek.

Shahrir captured 23,581 votes against 10,968 for Rahman. The third candidate from the small People's Socialist Party netted 2,260 votes, officials said.

The analysts said it was the first major political setback for Mahathir, who until today had not backed a losing by-election candidate since becoming Prime Minister in 1981, and could lead to a string of other by-elections.

First test
It was also the first major test for the 63-year-old leader who over the past 10 months has detained over 100 critics, clamped down on the media and had the country's top judge sacked for misconduct.

The poll in the capital of the southern state of Johore had been billed as a clash between two rival UMNO factions.

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KUWAIT ... GULF

Message sent to UN council

Amir calls for independence of Namibia

UNITED NATIONS, Aug. 26, (KUNA): Kuwait on Friday called on the international community to respect the will of the Namibian people to gain their inalienable right to self-determination and national independence.

In a message to the UN Council for Namibia, which is celebrating Namibia Day, HH the Amir of Kuwait asked: "Isn't it high time for the white man to realise the reality and respect the will of the people and their inalienable right to self-determination and national independence?"

Comprehensive

However, there is some hope in the ceasefire agreement reached in Geneva for a comprehensive settlement to the Namibian question on the basis of Security Council Resolution 435 of 1978.

he said. "We are looking forward to the independence of the Namibian people under the leadership of its legitimate and single representative, SWAPO," the Amir said in the message read by Kuwaiti Ambassador Mohammed Abulhasan.

The Amir said: "We hope we will not wait much longer to see the independence of another people who suffered like the Namibian people of injustice and repression, and that is the Palestinian people, whose children have fought with stones the denial of their rights to freedom and dignity."

Efforts

"We wish all the success to the latest efforts of the UN to put an end to the Namibian tragedy and we hope the international com-



HH the Amir

munity continues its efforts to solve the problem of the Palestinian question at this time of inter-

national detente which promises the settlement of various regional conflicts that constitute a threat to peace and security in the world," the Amir said.

The Amir's message was also on behalf of the Organisation of the Islamic Conference, HH the Amir is president of the OIC.

Commitment

In his message to the council, UN Secretary-General Javier Perez de Cuellar said Namibia remains a matter of very special importance to the UN and one in which the commitment of the international community is total and unequivocal.

He urged all concerned to meet the aspirations of the people of Namibia and to enable the UN to proceed with the implementation of Security Council Resolution 435 (1978).

Reviving diving



Two young divers prepare to get on board. (Photo by Ahmed Brouni)

FOLLOWING the discovery of oil in Kuwait about four decades ago, citizens of the small Gulf state abandoned diving for pearls to make ends meet.

Only a few years ago, Kuwaitis began digging for their forgotten past. Pearl diving has greatly diminished with the death of most of the early pioneers and the luxuries of modern life.

In 1986, the Kuwait Sea Sports Club sponsored the first diving trip. Thirty youngsters participated for three gruelling days crowned by success, and the stage was set for similar journeys.

Backbone
In an interview, the supervisor of the diving trip, skipper Hassan Rajab, said that this year's event, which groups 108 youths and 13 vessels, is aimed at reviving the diving profession, the backbone of daily living in the old community.

With today's high standard of living, the youth tend to leave the past behind, he said. The diving trips are designed to close the generation gap.

Rajab said that participants began their journey on Aug 20 and are due back on Sept 2. The

young divers are camping at Al Khieran diving grounds, which can accommodate the small ships.

The divers are adapting well to the daily routine, which starts with an early breakfast and ends in the afternoon, he said.

Rajab expressed his thanks to HH the Amir and HH the Crown Prince Sheikh Saad Al Abdullah for the support to help Kuwaiti youth preserve their heritage.

Rajab, a man of the sea for the past 40 years, said that diving trips in the past were full of hardships and agony, due to the length of the journey and the yield of pearls.

In the past divers were given loans to secure the living of their families. The loans were repaid when divers received their share of the yield.

Saad Mohammed Al Twaim, one of the young participants, said his grandfather inspired him to join the trip to revive his heritage.

The 12-year-old apprentice said that despite the great effort he and his friends put in, he does not feel any boredom. The trip taught him patience, endurance and co-operation, he said.

ROYAL COURT

Amiri cable

HH the Amir sent a cable of congratulations to the President of Uruguay, Julio Maria Sanguinetti on Uruguay's national day on Thursday.

KUWAIT PRESS DIGEST

Prevent future conflicts

A LOCAL daily on Friday called on Arab leaders to find out ways to prevent the outbreak of a Mideast conflict similar to the Iraq-Iran war and warned that Lebanon could be the next hot spot.

Iran-Iraq ceasefire went into force a week ago and the super-powers are planning to shift the battlefield to Lebanon, the daily Al Rai Al Aam editorialised.

External, regional and foreign powers are seeking to keep Lebanon embroiled in political chaos and burdened with internal problems, the paper said.

GCC states may share satellite services

KUWAIT and other Gulf states will raise the issue of setting up a regional system so members of the Gulf Co-operation Council can share telecommunication and satellite services, an official at the Communications Ministry said.

Sami Khalid Al Amer, director of monitoring, frequencies and wireless licences, told KUNA in an interview that the GCC countries would like to share telecommunication orbit through which satellite services can be transmitted to all GCC members.

Eliminate

The system would reduce telecommunication costs and eliminate the need for ground stations in each country, he said.

The proposal will be tabled at a meeting in Geneva on Monday,

Al Amer said. The conference will last until Sept 7, Kuwait, which will be represented by a delegation headed by Al Amer, attaches special importance to the conference.

The second session of the World Administrative Conference for Radio and Fixed Satellite Orbits is entrusted with co-ordinating international use of wireless communication and remote sensing capabilities.

Conference

The conferees co-ordinate efforts with the International Telecommunication Union (ITU), an umbrella organisation of 100 countries using satellite and wireless communication.

Kuwait and the other GCC states participated in the first session of the conference in Geneva in 1985.

Training courses

THIRTY seven training courses for the coming academic year were approved by the Public Authority for Applied Education and Training.

The authority offers courses to cover training requirements in different government sectors.

The higher administration programme includes courses on time management, administrative management, problem analysis and decision making, an official sources said.

Other programmes include courses on intermediate administration and administrative communications.

The administrative management programme offers courses on report writing and citizens service offices.

Programmes offered for workers in the training field include courses on training requirements, evaluations and personal ability development.

Computer courses are designed to give trainees an introduction to computers. Basic programming applications and the introduction and applications of COBOL programming are also offered.

Other courses are offered in public relations, statistics and library skills.

Call to preserve marine wealth

DR SULAIMAN MATAR, acting director of the marine agriculture and fisheries department at Kuwait Institute for Scientific Research (KISR), has called for the preservation of the country's marine wealth, which is represented mainly by fisheries.

In a lecture organised by the Environment Protection Council for the protection of Kuwait's coasts, Matar stressed the need for solutions to the problems facing the fishing industry.

The filling up of pits along the coast with earth has affected the spawning places of marine life and led to a decrease in the quantities of fish, he said.

He called for studies to develop the fishing process and protect the places where fish breed.

Community service centre expands

By Lima Al Khalafawi

ENROLMENT at Kuwait University Community Service Centre increased ten-fold in the last nine years.

When the centre was opened in 1979, seats were available for 400 students. Today it can accommodate around 4,000 students.

Registering
The centre has been inundated with applicants in the last four days, Assistant Vice-Rector Dr Mohammed Al Sara'wi said.

About 50 people a day have been registering for courses starting in October. Registration has been extended by a week to cope with the volume of applicants.

Courses offered at the centre include: human studies, law, commercial law, personal status in Kuwaiti courts, computer science, modern mathematics, microfilm, library studies, First Aid, accounting studies, ticketing, statistical analysis, French, English, Spanish and Hebrew.

New courses now available at

the centre are: gardening, mass communication, city planning in Kuwait and the Gulf area, the human being and heredity, the world and energy, and Islamic culture for foreigners.

Outnumber
Many applicants are university graduates and women outnumber men in several courses, he said.

The centre is open to anyone over the age of 18 who wishes to benefit from courses taught by highly qualified teachers. Classes are taught by highly qualified teachers from 4 to 8 pm. The term starts in October and lasts three months. Certificates are awarded to successful students at the end of each course.

Registration is now open at Kuwait University's Khaldiya campus. Applicants should carry identification. Each course costs students KD 35.

Meanwhile, the Public Authority for Applied Education and Training is preparing a questionnaire to get public opinion about community service courses,

according to Mohammad Ahmad Saleh, director of the computer centre at the authority.

The centre is hoping to train more Kuwaiti youths on computer skills, the director said in an interview with a local daily.

The Education Ministry also offers computer courses. Computer awareness is vital to train Kuwaitis and overcome the country's shortage in national power, the director said. Computers are used at many government ministries and other establishments, he pointed out.

Divided
The computer system at the authority is divided into those computers used for development, and those used for planning and training, the director said.

A course is offered by the authority to train members of the registration staff to use computers for registration and admissions, he said.

Training programmes for workers are held every six months, he said.

Accommodation for labourers

A LOCAL daily has quoted an authoritative source at Kuwait Municipality as saying that most companies in Kuwait do not fully comply with laws concerning housing conditions of their labourers.

The source blamed negligence of the control department at the Municipality for the problem and called for a stricter enforcement of the laws.

Organisational approval of labourers' temporary accommodations must be obtained from the Municipality, he said. The accommodation site must be fenced in accordance with Municipality specifications.

Each labourer should be allocated at least four square metres and accommodation should be located away from the plant. Air-conditioning, heating, ventilation and sanitary facilities must also be provided, the source said.

Governors will be given more power

THE Governor of Ahmadi, Sheikh Ali Sabah Al Salem Al Sabah, said yesterday that amendments to be introduced to the present governorates law will give more power to governors, members of the governorates and councils of mukhtars (mayors).

In an interview with KUNA, Sheikh Ali said that the improvement in the government's stance towards governors had greatly contributed to establishing direct contacts between them and HH the Crown Prince.

Qatari official ends China visit

DOHA, Aug. 26, (KUNA): Qatari Foreign Undersecretary Sheikh Hamad Bin Suheim Al Thani today ended a visit to China after reaching an agreement on opening embassies in both countries' capitals, the Qatari News Agency reported.

The exchange of diplomatic missions between Doha and Beijing came after an announcement on July 9 on the establishment of relations between the two countries.

Concern
The Qatari official started his visit to Beijing on Aug 23. He met with Chinese President Yang Shangkun and Foreign Minister Qian Qichen.

The agency quoted a Chinese-Qatari communiqué issued today on talks between the two sides as saying that Arab and international issues of common concern and bilateral ties were discussed.

The communiqué also said that regional disputes must be resolved through peaceful negotiations. The two sides expressed satisfaction over Iraq and Iran's acceptance of UN Resolution 598 to end their conflict.

PIRACY of video tapes and music cassettes is a growing threat to the entertainment industry, despite efforts by the Ministry of Information to stop the illegal activity.

Statistics show that illegal copying of tapes brings big profits. In Egypt, pirates are earning twice as much money as narcotics dealers, according to police in Cairo.

Suffering

Most Kuwaiti and Gulf production companies are suffering at the hands of pirates, the owner of a video and cassette tape production and distribution company told a local daily.

Other Arab countries, like Iraq, Jordan and Syria are facing similar piracy problems.

Several Egyptian production companies prevent the distribution of Kuwaiti productions, and this only encourages pirates. There are no laws to protect Kuwaiti material.

The pirates are getting better

at making the illegal copies, and it is becoming more difficult to tell which tapes are genuine, original productions and which are copied, he said.

The owner said the Ministry of Information should quickly issue laws to protect the taping industry and other Arab states should enforce similar laws.

The ministry should also urge radio stations not to broadcast songs without the permission of producers, he added. He said those measures would help the development of the music industry.

The increasing number of recording and video tape stores is only making matters worse, said the owner of another production and distribution company.

Genuine copies bearing trademarks are now threatened by many recording shops which either copy or sell tapes to the public illegally, he said.

The shop owner said agents and producers of Arab singers

should fight for their rights in court if necessary.

Several judgements have already been issued and violators were ordered to pay damages, he said.

Illegal copying is bringing big losses to the Kuwait National Cinema Co., according to its General Director Yousif Al Shalhin.

Many illegal tapes are poor in quality and can ruin the reputation of local and outside markets, he said.

Studying

He called for strong action to stop the spreading phenomenon. The Information Ministry is studying ways to control the problem, said Qannas Al Adwan, head of the Arts Classifications Department at the ministry.

He said a law should be able to resolve the disputes over illegal copies. The department already bears the heavy burden of censoring

video tapes, he said.

The Publications Law of 1961 established rules to govern issuing permits to video shops. The law states that all artistic works should not harm Islamic beliefs and must follow Kuwaiti laws.

The general director said piracy of video tapes is common in most Arab countries. The problem is being studied by an international conference which is trying to find ways to protect the industry, he said.

Expand

The Ministry of Information does not protect tapes made outside Kuwait. Production companies must protect their productions, the director said.

Imported tapes are only censored by the department and are not protected from illegal copying.

The ministry is trying to expand their staff and cover more aspects in the video and music tape making industry, Al Adwan said.

Five killed in accidents

FIVE people died on Thursday in traffic accidents in Kuwait.

One man was killed when his car collided with a parked car in Farwaniya.

In another accident, a driver was killed when two cars collided and overturned in the Ahmadi governorate.

In a separate accident, the driver of a car died when it overturned on Nuwaiseb road.

In another accident Thursday, two front seat passengers in different cars were killed when two cars collided on Jahra road.

There were 15 traffic accidents on Thursday. Three of them occurred in the capital, two were in Hawalli, seven in Ahmadi and

three in Jahra.

In another public safety news, the Public Relations Department at the Interior Ministry warned parents about allowing children to swim in forbidden areas.

Officials also told parents not to leave their children alone in swimming pools.

The warning came after several drownings this summer.

The young victims either did not know how to swim or were in areas with no lifeguards.

On Wednesday, a 6-year-old Indian girl drowned in a swimming pool in one of the societies.

Department officials said too many families who visit beaches on Thursdays and Fridays leave children unattended.

Gulf shippers remain on guard

DUBAI, Aug. 26, (Reuters): Shipping operators in the Gulf have said they are remaining on alert for attacks against merchant vessels despite the start of peace talks between Iran and Iraq in Geneva.

"It's not a question of expecting anything to happen," one said. "It would just be foolish not to stay on guard after hundreds of raids in the last four years."

Merchant ships still like to sail through the Strait of Hormuz close to Western warships for protection, just as they did at the height of the tanker war, shippers said.

But they added that tension would ease if the talks between Iraqi Foreign Minister Tariq Aziz and his Iranian counterpart Ali Akbar Velayati went well and if a ceasefire began on Aug 20 continued to hold.

The last ship attacked in the Gulf was the 284,502-tonne tanker Berge Lord, machinegunned by Iranian gunboats 25 miles off Dubai on Aug 4.

Hull and cargo insurance rates, which have fallen this month on optimism over the ceasefire, could soon tumble again and danger payments for crew could end, shipping operators said.

Baghdad said its tanker Ain Zalah on Wednesday carried the first shipment of Iraqi oil for eight years through the strait and that two Iraqi cargo ships passed through earlier this week.

Intention
Iraq, declaring its intention to continue intercepting Iraqi-bound war cargoes, said it searched one of the Iraqi ships. Iraq said the ship had ignored calls to halt and was not boarded.

Shipping operators said the reopening of damaged Iraqi and Iranian ports to regular calls by large vessels would take months or years.

Other Gulf ports with food entrepot facilities, such as Dubai, look set to benefit from any increase in trade by Iran and Iraq, they said.

UN monitors overcome snags

BAGHDAD, Aug. 26, (AP): As Iraq and Iran opened peace talks in Geneva, UN military observers scramble to assemble the nuts and bolts of a ceasefire despite communications snags, minefields and suspicious host countries.

All of the 350 observers, drawn from 24 countries, were in place by yesterday, UN spokesman Salem Fahmawi said, with communications personnel expected to establish a radio network "very soon."

Fahmawi described the situation as "very positive." He noted that there have been "no major changes in the status quo" since the ceasefire took effect Aug 20, "just minor incidents which have been fully resolved."

Communications
But diplomats and other sources said that mixups over transportation, passports, communications and protocol meant that some observers were not in place Aug 20.

Those who were frequently found themselves with inadequate communications, poor maps and uncertainty about the location of minefields as they patrolled in temperatures often exceeding 110 degrees

Fahrenheit (38 Celsius).

UN officials have reportedly sought detailed maps from the United States, but no one knows when they will arrive.

Diplomats and UN officials said they are rapidly overcoming the snags which the hastily assembled force, sent to countries unfamiliar with UN procedures, had been expected to face.

"They're no more than the growing pains of a new mission in two countries which have absolutely no experience with this type of thing," said Col. John Annand, the Canadian deputy commander of the UN Iran-Iraq military observer group.

Suspicious
Iran and Iraq, both deeply suspicious of outsiders and distrustful of each other, found hundreds of foreign soldiers, some armed, landing at their airports with their own communications equipment.

Big US C-5A Galaxy transport planes ferried Canadian communications troops to NATO's Incirlik base in Turkey.

The jets flew on to Iraq, but shipments to Iran were transferred to Canadian C-130 transports because of political sen-

sitivities in Tehran.

The delays caused by the transfers were compounded when Iran initially demanded 48 hours' notice and a complete list of men and equipment on each flight, diplomats said.

Iran also insisted that all flights first go to Tehran rather than to posts close to the border. The Iranians later relented, but they have no refuelling facilities at the forward airfields for the transports.

Iran objected to the assault rifles carried by UN support troops.

Although UN troops normally need no passports, diplomats said Tehran demanded them, forcing consular officials to scramble to issue hundreds of new documents.

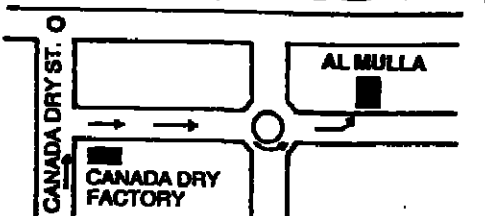
As a result, diplomats said, operations in Iraq have been about two days behind those in Iraq, forcing the delay of some operations in Iraq.

Efforts to set up a UN communications network were complicated by confusion over frequencies. Iraq approved one set, Iran another. Now officials are trying to get them to agree on a single set so observers on both sides can talk to each other.

REQUIRED DRIVERS

Vacancies exist for heavy and light duty drivers with transferable visa. Salary negotiable. Apply in person between 8 am - 5 pm to:

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Messy organisation spoils show

Malayalees celebrate Onam

THE Kuwait Malayalee Onam Celebration Committee celebrated Onam, the national festival of Kerala, at the Indian Embassy auditorium on Friday morning. Onam marks the annual visit to earth of the legendary king Mahabali, who was sent to the underworld by the jealous gods. Even he would have been impressed by the performances, which ranged from classical Mohiniyattam and tableaux portraying the original Onam story to instrumental music from Hare Rama Hare Krishna.

The students of the Kalasadan School of Indian Classical Dances proved themselves to be able artists, despite the limited space on stage during the Bharata Natyam and the Vallamkali. The young instrumentalists of the Do-Re-Me band came across as confident musicians as they strummed and drummed out a couple of popular film tunes.

The audience seemed to appreciate the hard work and effort that must have gone into the show and clapped and whistled enthusiastically despite the heat and stuffiness. Overall organisation was, however, somewhat messy, especially considering the committee in charge of the event was formed solely to arrange the programme.

The show began a half-hour late, a possible cause perhaps the last minute panic that arose



Vamanam sends the legendary king Mahabali down into the underworld, as depicted in a tableaux by Rajan and Rajasee Rajan.

when the authorities in charge realised that there were no seats for the chief guests. A new row was set up, less than a metre away from the stage. The more prudent guests opted for the second row but even they were not spared the ear-piercing decibels emitted by the eccentric loudspeakers.

The 'backstage' announcers

made no attempt to hide their presence as they hung around in the wings, cluttering up the stage and overall view. It is true that all those who took part in the programme are amateurs but one expects even amateurs to realise that they should be totally out of sight when not actually on stage.

ES



Participants in the flower show. (Photos by Jamal)



Vallamkali, performed by students of the Kalasadan School of Indian Classical Dances.

TELEVISION PROGRAMMES

KTV 1

9.00 Holy Quran
9.15 Good Morning
9.30 Space Adventures: cartoon serial
10.15 8 Harat Al Bahar: daily serial; ep.2
11.00 News Summary followed by songs and music.
11.15 Bu Saleh Yuredu Halan: local serial
12.15 Alif Ba'a Al Mat-bakh: a programme on Arabic cooking
1.00 News Summary
1.05 World News via Satellite
2.00 Songs and Music
2.35 Auroa Al Daliyah: episode 4 of Arabic series
3.35 Heidi: cartoons
4.15 Hikayat Al Ayyam Al Aseebah: last episode of weekly Arabic serial.
6.00 Cultural Film
7.00 Noor Al Islam: religious serial
7.30 Nazrat Al Alam
8.00 Musical Interlude
8.30 Hamat Al Watan

9.00 News in Arabic
9.30 Al Saqiya Tadawar: episode 8 of Arabic series
10.50 Duniya Madhak Mukki: "Souk Al Dalaleen." Starring: Tawfiq Al Saadi, Salim Kalas, Hani Al Ruman, Samiya Jaziri.
11.45 News Summary
11.50 World News via Satellite
12.25 Holy Quran/Closedown

KTV 2

6.00 Holy Quran
6.10 Duck Tales: "Horse Scouts"
6.30 God's Wonderful Railway: "Fire on the Line" Part 3. Andy, who lives and breathes railway life, goes to war.
7.00 World of Survival: "The Forest that Goes to Sea." Plants that grow in seabeds.
7.30 ALP: "Someone to Watch Over Me."

After a break-in at a neighbour's house, everyone in the neighbourhood is asked to watch out for robbers.

8.00 News in English
8.30 Simon and Simon: "Forever Hold Your Piece." Arnie, separated from his wife, is suspected of murdering his ex-wife's boyfriend.

9.30 Beyond 2000: a look at the products of modern technology. tonight's episode examines motorcars operating on solar energy; sailboats and new devices for exploiting natural resources in Siberia.
10.30 TV Movie: "Dead on Arrival."
11.30 News Summary/Magazine d'Actualite/Closedown

Please note that programmes and timings are liable to change without notice.

WHAT'S ON

ARTS

Kuwait Science Museum
The museum will be open to the public every evening from 5 pm and from 9 am on Friday.

Islamic Arts Museum

The museum, located on Arab Gulf Street, is open from 8.30 am to 12.30 noon and 4.30 to 7.30 pm, Saturday to Thursday. A collection of the finest Islamic art objects are on show.

Tareq Rajab Museum

The museum in Jabriya houses a collection of Islamic arts, costumes and jewellery from the Muslim world. Summer timings are 9 am to 12 noon and 4 to 7 pm, Sat. thru Thurs. On Friday the museum is open only in the mornings.

FILMS

British Council

The Assam Garden, the story of the relationship between a British and an Indian woman, stars Deborah Kerr and Madhur Jaffrey. It will be shown on Saturday, Aug. 27 and Sunday, Aug. 28 at 6.30 pm. Admission free. It is advisable to reserve seats in advance. Tel: 2515512; 2533204.

SOCIAL

Welcome Back to Kuwait

The Sounds Great organisation will hold a "Welcome Back to Kuwait" party at the Messiah Beach hotel on Sept. 29 at 8 pm. The Sounds Great bands will be in attendance. For table reservations, ring Ken Winston or Adolf 5740256/7 or 5758870.

Country Western Musical

The American Community Theatre is rounding up singers, dancers and musicians for their

annual Country and Western musical, to be held at the end of September. Interested talents, contact Nancy Parker 2523911 ext. 2346, 5725071 (evenings) or Nola Anderson 2428366.

Y.M.C.A.

The Y.M.C.A. will present the "Come September Ball" at the Kuwait Sheraton Hotel on September 1 at 8.30 pm. Highlights include the selection of the Queen of Queens. Top Ranks and Stepping Stones will be in attendance. For reservations, contact J D'Sa at 2450279, 3981790, 3924659.

Varca Sporting Centre

Varca Sporting Centre will hold their third annual social evening at the Tent SAS hotel on Sept. 22 at 8.00 pm. Music will be provided by Top Ranks and Stepping Stones. For reservations and further details, contact Roland 2430581 or James 5331940.

Indian Ballet

Narbhana, a dance troupe led by Mohiniyattam exponent Pramela Surendran, will stage a ballet, Panchavadi, and a number of Nrityas at its annual show, Nrityotsav, at the Indian Arts Circle, on Sept. 22 at 7.00 pm. Admission will be strictly limited; for free passes, contact Pramela 4337608.

Sounds Great

Auditions will be held on Sept. 15-17 for singers and dancers for the next Sounds Great show, to be held at the Salimiyah cinema on Oct. 19-22. For details ring Ken Winston or Adolf 5740256/7 or 5758870.

HOTELS

At the Holiday Inn

Al Ahmadi Coffee Shop offers international buffet meals at lunch and dinner from 6 am to 1 am; a la carte also available. Fresh pastries and cakes can be bought every day at the Vietnamese Cafe. The Hanging Babylon Gardens are an ideal place to relax with friends.

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TV CORNER

This week on KTV 2

investigate mob violence in the ring after several boxers are deliberately hurt by gangsters.

9.30 Private Benjamin: "Judy in the Driver's Seat." Judy heads a dangerous mission in the forest and misleads the team.

10.00 Alfred Hitchcock Presents: "Animal Lover," the story of a girl who is fond of pets.

10.30 The Equalizer: "Encounter in a Closed Room." A Czech scientist, wanted by two governments, seeks McCall's help to defect to a friendly country.

11.30 News summary/Magazine d'Actualite/Closedown

TUESDAY

6.00 Holy Quran

6.10 Rubick: cartoons

6.30 Chucky: another exciting adventure with Chucky in the lead.

7.00 Australian Ark: "In Search of the Great White Shark." A look at the myth and reality about white sharks.

8.00 News in English

8.30 You and the Law

8.40 Magnum: "Pleasure Principle." Magnum fights the appearance of "Mac."

9.30 Les Faucheurs de Marguerites: French series

with Arabic sub-titles. Edward settles in Lyon with his wife and son.

10.00 Perfect Strangers: "Snow Way to Treat." Binky and Larry go on a skiing holiday with their girlfriends. Comedy.

10.30 B/W Feature Film: "Come On, George," starring George Formby, Pat Kirkwood, Jose Ambler. 1939 production about a stableboy who rides his pet horse to victory in a prestigious race.

11.30 News summary/Magazine d'Actualite/Closedown

WEDNESDAY

6.00 Holy Quran

6.10 The Mouse Factory

6.30 The Kids of Degrassi Street: a series for young viewers.

7.00 Managing the Micro

7.30 Growing Pains: "Broadway Bound." Michael and his girlfriend audition for a Broadway play.

8.00 News in English

8.30 O'Hara: "Open Season." Todd's life is in danger; O'Hara is asked

to protect him.

9.30 Wildlife on One: "Kingdom of Crabs." Millions of crabs live on an island in the Pacific, considered to be the kingdom of crabs.

10.00 Sledge Hammer: Sledge Rattles and Rolls." The death of a rock singer is followed by three more killings; Hammer investigates the case.

10.30 L.A. Law: the lawyers deal with several new cases.

11.30 News summary/Magazine d'Actualite/Closedown

THURSDAY

6.00 Holy Quran

6.10 Bionic Six: cartoon series

6.30 Sesame Street: scientific, educational and recreational programme for children.

7.30 Full House: "Our Very First Promo." The family takes on the responsibility of making a film.

8.00 News in English

8.40 High Mountain Rangers: "A Holy Place to Live." Several campers are trapped after an earthquake in southern Idaho and the rangers form a rescue team.

9.30 I Married Dora: "Where There's A Will." Peter's unfounded fears of death cause concern

among the family members.

10.00 The Hit Squad: practical jokes, intrigues and sneaky hits captured through the hidden camera.

10.30 Late Night Movie: "Missing Children: A Mother's Story." Starring: Marie Winningham, Polly Holliday.

12.00 News summary/Magazine d'Actualite/Closedown

FRIDAY

2.00 Holy Quran

2.10 Cartoons

2.30 Sports Studio

6.00 Foo Fur: cartoons

6.30 Walt Disney Film

7.30 The Bay City Rollers Show: songs, humorous discussions and a short story for children.

8.00 News in English

8.30 Summer '88

8.40 Once a Hero: pilot episode of new series about the tug of war between good and evil revolving around Captain Justice who fights Black Jack.

9.30 227: Sandra's mother pays an unexpected visit. Comedy.

10.00 Guinness Records

10.30 Tour of Duty: "Brothers, Fathers." A look at the problem of orphans.

11.30 News summary/Magazine d'Actualite/Closedown

NIGHT CHEMIST

Kuwait

Al Madina Pharmacy

Abdullah Al Mubarak St.

Al Kawthar Pharmacy

Abdullah Al Mubarak St., opp. Murgab Police Station

Hawalli and Nagra

Al Jawad Pharmacy

Tunis St., Hawalli

Salamiya and Rumeithiya
Qurtuba Pharmacy
Salem Al Mubarak St.
Fahabeel and Ahmadi
Abu Halifa Pharmacy
Coastal Rd., opp. Abu Halifa Secondary School
Jleeb Al Shiyoukh
Palestine Pharmacy
Main St., Munera Ubeid Al Rajehi Bldg.
Jahra
Al Zahra Pharmacy
New Souk

CINEMA TODAY

Al Andalus
Action Jackson
Starring: Carol Wades
Al Salamiya
Roller Boogie
Starring: Linda Blair
Al Hazra
Al Fulos Wal Wahoosh (Arabic)
Starring: Mohammad Subhi, Madiha Kamil
Drive-in
Al Kamasha (Arabic)
Starring: Mahmood Yassin, Bosti, Shweikar
Al Firdous
Qurbani (Hindi)
Starring: Feroz Khan, Zeenat Aman
Fahabeel Open-Air
Ram Balram (Hindi)
Al Fahabeel
Isha Samayamayi (Malayalam)

Al Jahra
Le Gendarme se Marie (French)
Granada
Southern Comfort
Sulaibikhat
Bas Shoof Sakkar B'tamal Ayahu (Arabic)
Al Jleeb
Ponnu (Malayalam)
Ahmadi Drive-in
The Armour of God

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Zuhr 11.49
Asr 3.22 pm
Maghreb 6.14
Isha 7.34

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EDITORIALS

ARAB TIMES

Thought for today

THE emotions may be endless. The more we express them, the more we may have to express them — E.M. Forster, English novelist (1879-1970)

Argentina seeks to boost arms sales

By Ed McCullough

BUENOS AIRES, Argentina (AP): Better known for its grain and beef, Argentina also produces jets and tanks, and it hopes exports of weapons will contribute to repaying a foreign debt that is third highest in the developing world.

Arms sales have already topped \$75 million one year, but that is only a fraction of what this primarily agricultural nation could earn if the United States decides to buy a jet trainer called the Pampa, or Ecuador goes ahead with its purchase of Tam medium tanks.

An intermediate-range rocket is being developed with financial aid from Egypt and conventional submarines with technical assistance from West Germany. Negotiations are under way with an Italian company to co-produce military helicopters.

"We're not trying to convert ourselves into a huge exporter of weapons," Jose Maria Llados, secretary of production at the Ministry of Defence, said in an interview. "What we're trying to do is... take advantage of our existing industrial capacity."

Produce
Argentina has produced artillery and munitions for decades, mostly for its own armed forces of 95,000 troops. The big projects — drone aircraft, submarines, jets, tanks, rockets — were begun by the military governments of the 1970s and early 1980.

Following Argentina's defeat by Britain in the 1982 Falklands war, and the election of civilian President Raul Alfonsín in October 1983, the military budget has been halved to about \$1.5 billion. Funding for weapons projects has dried up.

"With the industries in place, we had three choices: close them, export, or convert them" to civilian use, Llados said. The preference... was to export. We have a big foreign debt. We have to export in order to pay it." Argentina owes \$56 billion to foreign governments, banks and other lending institutions. Interest alone, which this year will total about \$4.6 billion, is a burden to repay.

About 30,000 civilians and soldiers are employed by Fabricaciones Militares (Military Works), which is run by the Army and produces weapons as well as consumer products. Total value of goods produced by

FM last year was between \$900 million and \$1 billion, Llados said.

Argentina's edge in arms sales is that it can — because of its technical infrastructure, educated work force and low wages in comparison with developed countries — produce relatively sophisticated weapons at a low cost.

Sales

The package of 56 medium tanks and 18 armoured personnel carriers the Ecuador is considering buying is priced at about \$108 million, Llados said. The single-engine, two-seater IA-63 Pampa jet trainer costs about \$3.5 million. "It's a lot of plane for the money," a US embassy official said. "We are interested."

The US Air Force is seeking to replace its T-37 jet trainers that date back 30 years. The potential multi-billion-dollar contract, avidly sought by several countries including NATO allies Italy and Belgium, could call for more than 500 planes.

Last week, representatives of New York-based Grumman Corp. met with officials of the Argentine Aerospace Material Factory to test the Pampa. If chosen by the US Air Force, it would be built in the United States under a licensing agreement.

Parts
Argentina can produce only three or four Pampas a month. US parts, including the engine and avionics systems, comprise more than half the value of the plane.

Two prototypes will accompany Defence Minister Horacio Jaurena on his trip to Washington next month for talks with Defence Secretary Frank Carlucci. A purchase decision was not expected until next year at the earliest.

The Alfonsín government has not stressed arms sales, which last year amounted to about \$20 million, according to Llados. In 1984, arms exports totalled about \$77 million, according to the London-based International Institute for Strategic Studies.

Both leading candidates to replace Alfonsín in next year's national elections, Carlos Menem of the opposition Peronist Party and Eduardo Angeloz of the ruling Radical Civic Union, favour arms sales as a way to generate foreign exchange, aides said.

IRA attacks toughen Thatcher stance

By Al Webb

LONDON, (UPI): Prime Minister Margaret Thatcher remains true to a favourite saying about her — "The lady's not for turning" — and that means Britain's war with the Irish Republican Army is likely to become even bloodier after the weekend killing of eight British soldiers in Ulster.

The phrase, a takeoff on the play "The Lady's Not for Burning" by British playwright Christopher Fry about a heroine who is charged with being a witch, was coined by a political pundit to emphasize Thatcher's unwillingness to change policies.

Thatcher's unwavering policy is her unrelenting opposition to terrorism, and at the top of her list of terrorists are IRA guerrillas. Nobody expects Thatcher to back off Britain's commitment to battle IRA efforts to unite British-run Northern Ireland with the Irish Republic by force.

Instead, military and security experts believe an urgent government policy review after the latest killings will focus on a tactic that may well strike fear into the IRA: sharply increased use of Britain's Strategic Air Services.

Secrecy
The SAS, shrouded in secrecy, consists of crack teams of anti-terrorism warriors, experts in covert hit-and-run tactics, not necessarily all within the letter of the law.

The IRA knows what the group can do. On May 8, 1987, the SAS ambushed guerrillas attacking the Loughgall police station in Northern Ireland and killed eight of them, a setback from which the IRA is still trying to recover.

Last March, the SAS sent another reminder, this time in Gibraltar where its operatives killed three IRA guerrillas who

the British military said were planning a massive car-bomb attack.

The British Army, which has 10,200 troops in Ulster, is keen to get the SAS more involved. Of the 73 people killed by the IRA in Northern Ireland, mainland Britain and elsewhere in Europe this year 26 have been British soldiers.

Attacks
In turning to the SAS, Thatcher is apparently willing to run the risk that the IRA, in desperation, would shift again to indiscriminate attacks, such as the Christmas bombing at London's Harrods Department Store in 1985.

Clearly what encourages Thatcher, and probably worries the guerrillas, is that the IRA's concerted attacks on British military "soft targets" has not brought what it had hoped for, a groundswell of demands by the public for British soldiers to get out of Northern Ireland.

For that reason, Thatcher has given short shrift to new demands for reintroduction of internment in Northern Ireland, which would permit security forces to hold terrorist suspects indefinitely without trial.

Internment
Internment was tried from 1971 to 1975. But even the prime minister at the time, Edward Heath, now admits that, "looking back on it, we very quickly realised it was a mistake."

The big fish of the IRA, security sources say, fled across the border, into Ireland. Most experts believe that without a similar policy in Ireland — and that is probably — internment would not work. Instead, it might present the IRA with a golden propaganda opportunity, particularly in the United States where the organisation has support among many Irish-Americans.

Bhutto's ghost lives on

By John Merritt

KARACHI: The 1988 Karachi telephone directory gives the number of a ghost. The entry reads: "Bhutto, Z.A., Late. No. 70 Clifton."

It is the spirit the people will vote for if a general election goes ahead in Pakistan after the death of President Zia. The spectre is tangible in the form of a glamorous 35-year-old woman who skilfully hides six months' pregnancy behind chiffon wraps.

Benazir Bhutto, leader in waiting, holds court to a stream of applicants from her Pakistan People's Party (237 candidates must be chosen), as well as supplicants from the other opposition parties. The neighbouring nineteenth century colonial residences now house the foreign consuls — and it is said that the Germans and Iranians lease their properties from her family.

Her name has not been added to the dynastic brass plaques at the gates. One of these proclaims: Zulfikar Ali Bhutto, Barrister.

Benazir waits in the wings

at-Law. Above it, another announces simply: Sir Shah-nawaz Bhutto. The first, her father; the second, her grandfather, a favourite of the Empire.

Audience
The taxi driver is in awe as he views the political hopefuls, well-wishers and journalists clamouring for an audience, and he says something about rivers always coming to the sea. A boy with henna-dyed hair is doing good business with sales of tinzel rosettes — a collage of father, daughter and the Churchill victory sign.

Inside the house sits Benazir, surrounded by advisers and bottles of medicine. "I meet so many people that I am always afraid of catching a cold; and as soon as someone with a cold comes near me, I at once take either Vitamin C or Strepsils," she says, her impeccably made-up eyes checking me for any tell-tale sniffles.



Benazir Bhutto

It is a long way from the solitary cells in which General Zia had her incarcerated — and it is nine years since her father, separated by bars and unable to touch, bequeathed the political legacy to her, a few hours before he was hanged. Over the years, she has promised that one day she will reveal the message her father

left then for Pakistan.

Now, therefore, seems the right time to ask what her first aims would be if she were elected to govern the nation. An answer is recited like a catechism.

"The question of federalism and national identity. The question of the constitution and the rule of law. The question of social and economic justice, on the basis of an order that is free of discrimination."

Benazir bristles at a suggestion that these are mere slogans. She promises to elaborate, if necessary, but her time is short.

A charge that her party's main policy was its opposition to Zia is also countered with rapid, repetitive fire: "The party was in being before General Zia ever came to power. The party is in being today as the only alternative. That is because the party has a very solid programme. We stand for federal, democratic and

egalitarian Pakistan. These are not slogans. These are statements which capture in a nutshell the principles of a party."

"We have policies on each and every issue. We stand for order which is free of discrimination, free of exploitation. We have always been identified and associated with those segments of society which are economically weak or which are socially weak. We have always stood for the rule of law, for fundamental human rights, for the independent judiciary."

Dodges

She dodges the issue of national identity in the context of her country's "special relationship" with the United States. She claims that, in the past, her party has been torn by her open American overtures. She dismisses as "propaganda" the slanders by Henry Kissinger's threat in 1976, when he told her

father: "We can destabilise your government and make a horrible example out of you."

Some of those close to her speak of the role of the US Ambassador, Arnold Raphael, killed in the crash with Zia. As senior political officer at the US Embassy in Islamabad in 1977, he is widely held to have played a big part in orchestrating the military coup that brought Zia to power in July of that year.

Quite recently, Benazir has confided to friends that the same Arnold Raphael had told her to "be patient," saying that she would have power if she didn't make any trouble.

One of her first engagements after Zia's death was a 40-minute visit to the US Consulate in Karachi. As one of her party faithful said: "She knows she must have US support. The country knows that. You can be a hard stick and you will break, but if you are a bending stick you will survive. Benazir is a bending stick."

Courtesy: The Observer



Refugees in Hong Kong battling frustration

By Ann Scott Tyson

HONG KONG: On a starless night in April, Bui Hoan Bao and his family set sail for Hong Kong on a 24-foot wooden fishing boat, fleeing a life of poverty and forced migration in north Vietnam.

Bao piloted the single-masted sailboat along China's coast, anchoring at the port of Beihai for supplies of food and water, bought with gold.

After a 27-day ordeal at sea, the family of 18 sighted the jutting skyline of Hong Kong, longed for by tens of thousands of hopeful boat people as the first sanctuary on their passage to a Western democracy.

Bao is one of more than 12,000 Vietnamese to land in Hong Kong this year in the largest influx of boat people from Vietnam since 1979. Like many, Bao left a homeland where 10 million people are experiencing famine to secure his family's livelihood.

"The communist government ordered everyone in our village to move to another province to farm," Bao said. "They destroyed my house. I could not fish in the sea anymore. I wanted to take my children and grandchildren and find a life of freedom."

Frustration
Yet far from winning freedom, Bao and others like him are battling frustration and despair. Cramped together with thousands of countrymen, Bao now lives in a prison like Hong Kong refugee camp encircled by high walls and barbed wire. He has become, in Hong Kong parlance, one of the "forgotten people."

The new wave of boat people, which shows no signs of subsiding, has filled the colony's closed camps to the bursting point, compelling the government to open factory buildings, warehouses, Army barracks, and ferries as emergency housing.

But according to Hong Kong officials, the vast majority of arrivals, 70 per cent of whom are poor fishermen and farmers from North Vietnam like Bao, have virtually no hope for resettlement in the West.

The United States, Britain, Canada, and Australia, the main resettlement countries, increasingly reject these Vietnamese, on the grounds that they are economic migrants seeking prosperity rather than political refugees fleeing persecution.

When the number of boat people landing in Hong Kong and other first-asylum countries surged 44 per cent in the last year, the rate of resettlement in the

West continued dropping steadily, according to the United Nations High Commissioner for Refugees (UNHCR). A total of 28,000 refugees fled Vietnam, but only 21,000 now resettlement, as arrivals outnumbered departures for the first time in eight years.

Confronted with the daily arrival of scores of boat people who lack prospects for resettlement, Hong Kong on June 16 adopted a new hard-line policy under which the bulk of incoming Vietnamese will face eventual deportation to Vietnam.

Hong Kong's policy reflects a growing consensus among southeast Asian countries harbouring refugees, as well as resettlement nations such as the US, that most of the boat people belong back home.

The new policy ends nearly a decade during which Hong Kong automatically granted refugee status to all Vietnamese boat people under a 1979 Geneva accord. Instead, Hong Kong now screens all boat people in order to separate economic migrants from political refugees.

According to government estimates, 90 per cent of the boat people who have reached Hong Kong since June 16 — more than 4,500 — are economic migrants. As such they will be treated as "illegal immigrants" and confined to detention centres to await repatriation.

Hong Kong's refugee co-ordinator, Nigel French, says the screening policy is necessary to discourage Vietnam's economic migrants from coming to the British colony, already one of the world's most densely populated territories.

"We just could not allow this situation to continue, with an apparently unlimited supply of boat people coming from Vietnam whom the West simply did not want anything to do with," French said in an interview.

"Hong Kong is no longer a gateway for such people to a future life in the West," he added. "We hope that the message will get through and that in the not-too-distant future we will see a significant dropping off in the number of arrivals."

Critics are concerned that Hong Kong's tougher policy may prove inhumane. Fazlul Karim, charge de mission of the UNHCR in Hong Kong, worries that the colony's officials are "already predetermined to adopt a very restrictive approach" to the screening. For example, he asserts that North Vietnamese like Bao should not be dismissed as economic migrants, since Hanoi's forced

relocation campaign "amounts to very, very serious discrimination" against them. "It amounts to persecution," he said.

Ethnic Chinese and refugees linked to the former US-backed South Vietnamese regime have been favoured for resettlement, because they have suffered systematic persecution since the Vietnam war ended in 1975.

"We have to ensure that any measures they take are not to the detriment of the asylum seekers," Karim stressed.

Yet in contrast, the majority of Hong Kong's residents believe the new policy is too lenient. According to an April poll, 65 per cent of Hong Kong's population favours pushing all incoming boat people back to sea, as Thailand and Taiwan have done.

While seeking a solution that is both humanitarian and pragmatic, Hong Kong officials have upheld one fundamental conviction: namely, that "the future for all of these people lies only in one place, and that place is Vietnam," French said.

Repatriation
Yet the prospects for repatriation, while improving, remain uncertain. Recently, Vietnam bowed to pressure and offered for the first time to hold talks on the refugee problem, including repatriation, with Hong Kong and Thailand. The talks are expected to convene soon.

Observers, however, say the discussions may achieve little if, as expected, Vietnam demands aid from the West as a condition for taking its citizens back. Western governments are unlikely to provide such aid before 1990, when Vietnam has pledged to withdraw its troops from neighbouring Kampuchea, Hong Kong officials say.

The Hong Kong government estimates that a mass repatriation would be unlikely before 1993. Meanwhile, more than 20,500 "forgotten people" wait in confinement. Some are angry over Hong Kong's new policy. Others say they are afraid of returning to Vietnam.

"Why, after some people struggle in the sea to come here, does the Hong Kong government have to send them back to Vietnam?" asked Do Manh Hao, a North Vietnamese farmer.

Squatting on a cramped wooden bunk in Hong Kong's Shamshuipo closed camp, Hao described how Vietnamese soldiers opened fire as he fled the country in a stolen boat with his wife and three children. "If we had been caught, they would have jailed me," he said.

The Christian Science Monitor News Service.

Quayle attacks the media

By Michael Gelb

WASHINGTON, (Reuters): Adopting the strategy that the best form of defence is attack, Dan Quayle and George Bush are lashing out at the news media as purveyors of rumour and gossip.

Quayle, the Republican vice-presidential candidate, is berating reporters for recycling allegations that he made sexual advances to a Washington female lobbyist eight years ago.

He is also seeking to take the offensive against charges that he pulled strings to save himself from Vietnam combat service by winning a prized spot in the Indiana National Guard.

Frenzy
"The American people are getting a little bit sick and tired (of the focus on personal questions)," he said on Tuesday. "They are not interested in a bunch of rumour and gossip and half-truths and... outright lies."

"It's an absolute flat-out falsehood," he shouted in response to the sex allegations, attributed to attorneys of Paula Parkinson, the former lobbyist who spent a weekend in 1980 at a house in Florida with a group of Congressmen.

Bush and his campaign advisers have described the seven-day-old furore, which began with

Quayle's fumbling responses at a news conference and in subsequent television interviews last Wednesday, as a media "feeding frenzy."

The anti-press ploy was foreshadowed by the campaign's decision last Friday to stage a news conference before thousands of Quayle supporters in his hometown of Huntington, Indiana.

The result was an unusual spectacle in which local people jeered reporters, chanting "boring, boring" and questioning journalists about their own military records.

The Republicans seem at times to be borrowing a page from former Vice-President Spiro Agnew, who challenged press criticism of the Nixon administration by deriding the news media as "nattering nabobs of negativism."

Bush, whose efforts to lay out his own agenda have been overshadowed by the Quayle flap, has also tried to reshape the debate by depicting his man as a patriot in contrast to Vietnam-era anti-war protesters who burned the American flag or fled to Canada to avoid military service.

"He served honourably. True he didn't go to Vietnam, but his unit wasn't sent," Bush told the veterans of foreign wars on Monday in his first extended defence

of his running mate. "But there's another truth. He did not go to Canada, he did not burn his draft card and he damn sure didn't burn the American flag and I'm proud to have him on my side," Bush added.

While National Guard Service was widely seen in the late 1960s as a way to avoid Vietnam, it is also a key part of American defence planning.

One Bush aide said the attacks on Quayle might help the Republican ticket with some voters who served in the National Guard. "There are a lot of people who chose not to serve at all, who cut and run," said the aide, who asked not to be named.

Anger
While Bush risks angering voters who protested against the war, the appeal to patriotic feelings seems to make political sense at a time of revived nationalist pride.

Democrats have generally stayed above the battle, preferring to let the press do the dirty work for them.

Democratic candidate Michael Dukakis has refused to discuss Quayle's problems directly, but has missed no chance to praise his own running mate, Texas Senator Lloyd Bentsen, as "someone whose qualifications for high office have never been questioned."

Cost of bribery soaring in China

(\$13) is enough to persuade police not to report minor traffic offences. One motorcyclist caught riding while drunk said he avoided 15-day prison term by handing over 400 high-class cigarettes and two bottles of rice spirit.

"Corruption is not such a bad thing, I'm glad I had the choice of paying a bribe," the motorcyclist said later.

The China Daily said on Monday that the corruption could block the country's ambitious economic reforms. Student protesters in June claimed it had plunged the country into its darkest period since 1949.

The 47-million-strong Communist Party expelled 109,000 of its members in 1987, many of them for bribery and corruption, according to official reports.

Perhaps millions more officials who would balk at the word "bribe" regularly accept gifts in return for a little political help.

"When you give presents, you have to do it in the right way."

Give money, wine or cigarettes openly to an official and he will refuse, suspecting that you will report him," one Beijing government worker explained.

"The correct way is to give the item, nicely wrapped, to his wife or child," he added.

Treatment

Such petty graft or "connection-pulling" is so ingrained in Chinese life that the powerful can expect privileged treatment without asking, said one young Beijing man whose uncle is a high-ranking government figure. "When I travel around China I just let people know who I am and everyone scrambles to do me favours," he said.

Outrageous greed is occasionally harshly punished — an official in the southern province of Guangxi was executed last week for classifying 177 imported cars as "gifts" to evade import duties. But China's regular anti-corruption campaigns rarely seem to touch the highest officials.

TODAY IN HISTORY

1640 — Flemish forces under Count Tilly defeat Denmark's King Christian IV at Lutter, East Germany, placing all north Germany at mercy of Catholic League.

1758 — Russian troops withdraw after indecisive battle with Prussians at Zorndorf, Poland.

1789 — French National Assembly adopts Declaration of the Rights of Man.

1828 — Uruguay is formally proclaimed independent at preliminary peace talks between Brazil and Argentina.

1928 — Kellogg-Briand Pact is signed in Paris, outlawing war and providing for peaceful settlement of disputes.

1939 — Nazi Germany demands Danzig and the Polish corridor.

1943 — Japanese forces evacuate New Georgia island in the Pacific in World War II.

1945 — US troops begin landing in Japan at end of World War II.

1966 — French President Charles de Gaulle arrives in Ethiopia from Somalia, where his visit was marred by bloody rioting.

1969 — Israeli commando force penetrates deep into Egyptian territory to stage mortar attack on regional Army headquarters in the Valley of Upper Egypt.

1971 — Attempted coup fails in African nation of Chad, and government accuses Egypt of playing role in the attempt and breaks diplomatic relations.

1972 — US jets bomb Haiphong, North Vietnam's major port.

1985 — Nigerian officers announce military coup d'etat, say Army chief of staff is asked to form new government.

1986 — Twelve blacks are shot dead by police in Soweto, a town councillor is backed to death in worst riots in more than a year in a black township in South Africa.

1987 — Hundreds of strikers battle riot police in at least two South Korean cities.

'Satisfaction' heads list of all-time greats

100 hits you've loved or loathed since 1963

By Charles Bremner

WITH the Vietnam war dogging the vice-presidential hopes of a Sixties student and the release of the first government-approved hair restorer in America last week, it was a good time for the baby boom generation to look back on lost youth.



Keith Richards (left) and Mick Jagger of the Rolling Stones. Critics say their song Satisfaction was the 'anthem of the mid-Sixties.'

With impeccable timing, Rolling Stone magazine, chronicler of the rock age, seized the mood of nostalgia by issuing a list of the "100 best singles of the last 25 years."

Not surprisingly, a British song — the Rolling Stones' (I Can't Get No) Satisfaction — was the top choice of the 25 leading US pop critics who voted the ranking, and British bands accounted for over a quarter of the chart, from the Beatles' 1964 I Want to Hold Your Hand, voted third best, to the Sex Pistols' Anarchy in the UK of 1976, ranked at 32.

Curious

Curious though, was the relatively low ranking given to the Beatles by the purist American critics, though they and the Stones tie with four singles each — the most repeated artists on the list — and John Lennon makes the 100 with two of his own songs.

The second Beatles record was Hey Jude, rated at 29th, followed by Strawberry Fields Forever at 48 and Help at 53. "In the Sixties, an extraordinarily consistent succession of 45s reaffirmed rock and

roll's power to electrify and inspire," said the editors, perhaps a little wistfully.

The biggest chill comes from realizing how accurately these singles mirrored the mood of youth at the time and echoed the changes convulsing the world at large. Two decades down the trail, they still resonate with power.

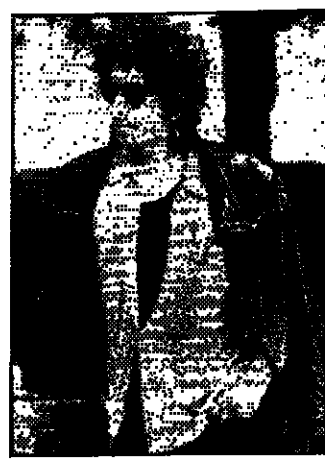
Rolling Stone said it chose

1963 — after Elvis Presley's greatest hits — as the starting date because it was a time of revitalization and reinvention following the pop slump of the late Fifties and early Sixties. "It began responding to the new sounds from England, Detroit, the West Coast and countless suburban garages."

Explaining the choice of Mick Jagger and Keith Richar-



The Beatles are ranked No. 3 with their 1964 hit I Want to Hold Your Hand. Three other Beatles' singles are rated numbers 29, 48 and 53.



Bob Dylan: No. 2 in the top 100

ds' snarling Satisfaction, anthem of the mid-Sixties, the editors said: "It is the perfect riff: tough, dramatic and instantaneous in its impact — the rock and roll equivalent of the opening notes of Beethoven's Fifth."

Keith Richards says he dreamed up that opening guitar riff in a motel in Florida while the band was touring in 1965. He handed them over to Mick Jagger, who made up the lyrics in 10 minutes by the swimming pool.

George Michael's 'Monkey' swings into top position in US

NEW YORK: Monkey took a big leap and carried George Michael to the top of the single pop record charts in the United States. The hit disc jumped from fifth place a week ago.

Elton John's I Don't Wanna Go On With You Like That climbed two notches to second position on the Cash Box magazine chart. Last Week's number one hit, Roll With It by Steve Winwood, tumbled to third.

Hands to Heaven by Breathe slipped from second to seventh spot, while "2-3" by Gloria Estefan and the Miami Sound Machine toppled from third to tenth.

New to the top 10 pop list this week were Perfect World by Huey Lewis and the News, up from 12th to 8th, and Simply Irresistible by Robert Palmer, up from 13th to 9th.

The Judds took over the top of the Cash Box magazine country-and-western singles chart with Give a Little Love. Patty Loveless was second with A Little Bit in Love, and Rodney Crowell third with I Couldn't Leave You If I Tried.

Top Ten US

The top 10 pop singles, as rated by Cash Box magazine, with last week's positions in brackets:

- (5) Monkey — George Michael (Columbia)
- (4) I Don't Wanna Go On With You Like That — Elton John (MCA)
- (1) Roll With It — Steve Winwood (Virgin)
- (8) Sweet Child O'Mine — Guns 'n Roses (Geffen)
- (6) I Don't Wanna Live Without Your Love — Chicago (Warner Brothers)
- (10) Fast Car — Tracy Chapman (Elektra)
- (2) Hands to Heaven — Breathe (A and M)
- (12) Perfect World — Huey Lewis and the News (Chrysalis)
- (13) Simply Irresistible — Robert Palmer (EMI-Manhattan)
- (3) 1-2-3 Gloria Estefan and Miami Sound Machine (EPIC)

The top 10 country-western singles, as rated by Cash Box



Kylie Minogue: No. 2 in the UK magazine, with last week's positions in brackets:

- (3) A Little Bit in Love — Patty Loveless (MCA)
- (1) I Couldn't Leave You If I Tried — Rodney Crowell (Columbia)
- (6) Do You Love Me — Say Yes — Highway 101 — Warner Brothers
- (7) Joe Knows How to Love — Eddy Raven (RCA)
- (8) If the South Was a Wagon — Hank Williams Jr. (Warner Brothers-Curb)
- (11) The Wanderer — The Rabbits (RCA)
- (10) That's What Your Love Does to Me — Holly Dunn (MTA)
- (11) I Should Be With You — Steve Warner (MCA)
- (12) Don't Give Candy to a Stranger — Larry Brown (Mercury-Polygram)

And in London Yazz and the Plastic Population's The Only Way Is Up topped the British pop singles chart for a fourth straight week followed by Kylie Minogue's The Loco-Motion and I Need You by H.V.S.M. which switched places.

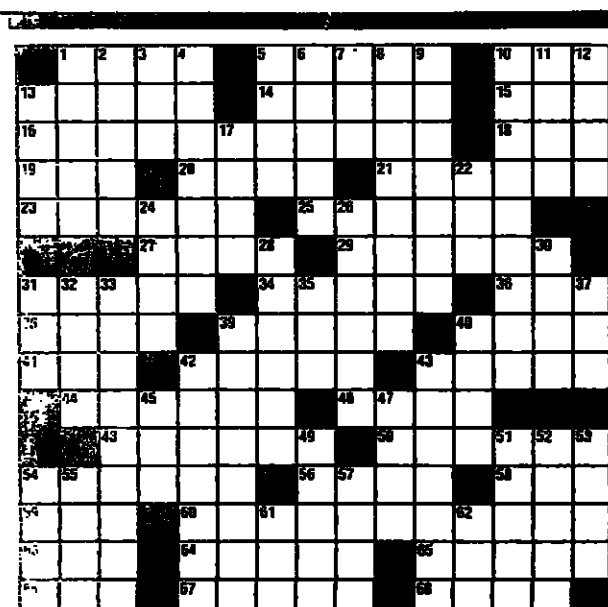
The Harder I Try by Beatmen Beyond soared from 12th to 4th, and My Love, by Stevie Wonder and Julio Iglesias, arrived at 6th place from 21st.

Top Ten UK

This week's top 10 singles, as listed by Our Price Music Ltd., the national music retail chain, with last week's placings in parentheses:

- (1) The Only Way Is Up — Yazz and the Plastic Population (Big Life)
- (3) The Loco-Motion — Kylie Minogue (PWL)
- (2) I Need You — B.V.S.M.P. (Debut)
- (11) The Harder I Try — Brother Beyond (Parlophone)
- (5) Hands to Heaven — Breathe (Virgin)
- (21) My Love — Julio Iglesias and Stevie Wonder (CBS)
- (4) You Came — Kim Wilde (MCA)
- (8) Find My Love — Fun-Group Attraction (BMG)
- (6) Superfly Guy — Express (Mute)
- (12) Roses Are Red — Mac Band Feat McCampbell Bros (MCA)

TODAY'S CROSSWORD



- ACROSS
- Love deeply
 - Maiden name
 - Hunter's take
 - Fill the bill
 - Made of a certain cereal grass
 - Walnut product
 - They put words in other people's mouths
 - Pindar work
 - Pierrot of song
 - Deserve
 - Band or dog
 - It's lox when smoked
 - Legislative body
 - Of the ear
 - Small kitchen
 - Sufficient
 - Overcast
 - Broadcaster's need
 - Sinker
 - Classify
 - Aware of
 - Mrs. Sprat's preference
 - Hooli's opposite
 - Measured
 - Tropical wine
 - Corn's may be smoked
 - Eaten away
 - Feudal retainer
 - Ponies or beans
 - Rockless daring
 - Cure
 - Destiny
 - A report not to be sneezed at
 - He shared a pea green boat
 - M. Zola
 - Sea eagles
 - Space for passing
- DOWN
- Noted Alabama
 - Bring up the rear
 - Creepy plant
 - Revised
 - "Honi — qui mal y pense"
 - Carries on
 - Ordinal
 - forming suffix
 - Set off
 - Tangle in
 - Weapon that makes a comeback
 - Verdi opus
 - Small valley
 - Health resorts
 - Hindu princess
 - French season
 - Give shape
 - Ancient lyric
 - Cherry red
 - Locale
 - Alien on TV
 - A square one is desirable
 - How one should wait in doctor's office
 - Red apple, for short
 - Scepter
 - Joyful
 - Sturdy trees
 - Made like Paul
 - Pry
 - Quick looks
 - Learned
 - Russian equivalent of John
 - Perry's Miss Street
 - Health club feature
 - Choreographer de Mille
 - Rents out
 - Do farm work
 - Davenport's locale
 - Knowing grin
 - Women's —
 - Raw metal

ANSWER TO PREVIOUS PUZZLE:

OSAR APSE CALLA
MAME WEED AROID
EVIL ARED STROKE
GENEKRUPTA TIMES
ADDEND SALE
ESTER LESSON
NIOBE OVAL HOMO
ANNUL GEM KAREN
SCAD FORE AWARE
HANDLE TRAY
YOYO CASSIA
OPERA CHICKWEBB
REMIT TALE EASY
ERICH EVEN EYES
LITRE TEST TONS

GOVERN BRIDGE

BY CHARLES GOREN AND OMAR SHARIF
DON'T DRAW DIAGRAM

North-South vulnerable. South deals.

- NORTH
- ♠ 6 5
 - ♥ Q 4 3 2
 - ♦ Q J 2
 - ♣ A J 10 2
- WEST
- ♠ Q J 10 9 8
 - ♥ 7 6
 - ♦ A 10 9 6 5
 - ♣ 4
- EAST
- ♠ 4 3 2
 - ♥ K J 10 5
 - ♦ 4 3
 - ♣ Q 9 8 7
- SOUTH
- ♠ A K 7
 - ♥ A 9 8
 - ♦ K 8 7
 - ♣ K 6 5 3

The bidding:

- South West North East
- NT 2 ♠ 3 ♠ Pass
 - NT Pass Pass Pass

Opening lead: Queen of ♠

It has become fashionable to use overcalls of strong bids to show two-suited hands. That is well and good if you buy the hand. However, when you do not, you might find that you have shown declarer the way to get home.

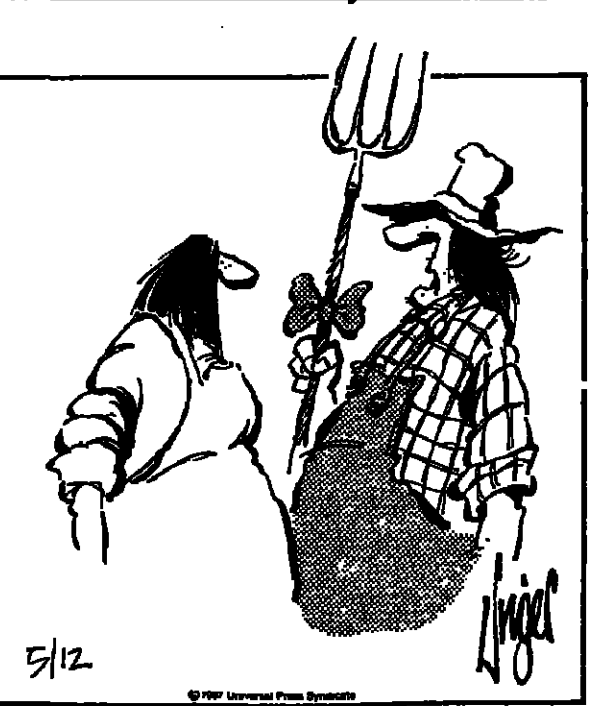
West made a puny attempt to interfere with his opponents' auction by making an artificial two-club overcall, which promised at least 10 cards in two unspecified suits.

North's three clubs was an attempt to locate a 4-4 major fit, and South closed out the auction while denying that he had a four-card major.

Declarer ducked the first spade but won the continuation. He made a good shot by leading a diamond to the queen, then continuing with the jack to West's ace. That defender forced out declarer's remaining spade stopper. Then came the key play—declarer cashed the king of diamonds, and East's heart discard made the hand a virtual open book.

With East marked for the long clubs, declarer cashed the ace and pushed the jack through East. He covered with the queen, and declarer took his club winners and then threw East in with the last club. Left with nothing but hearts, that worthy was forced to lead away from his king into declarer's combined A-Q tenace, thereby conceding the full-filling trick.

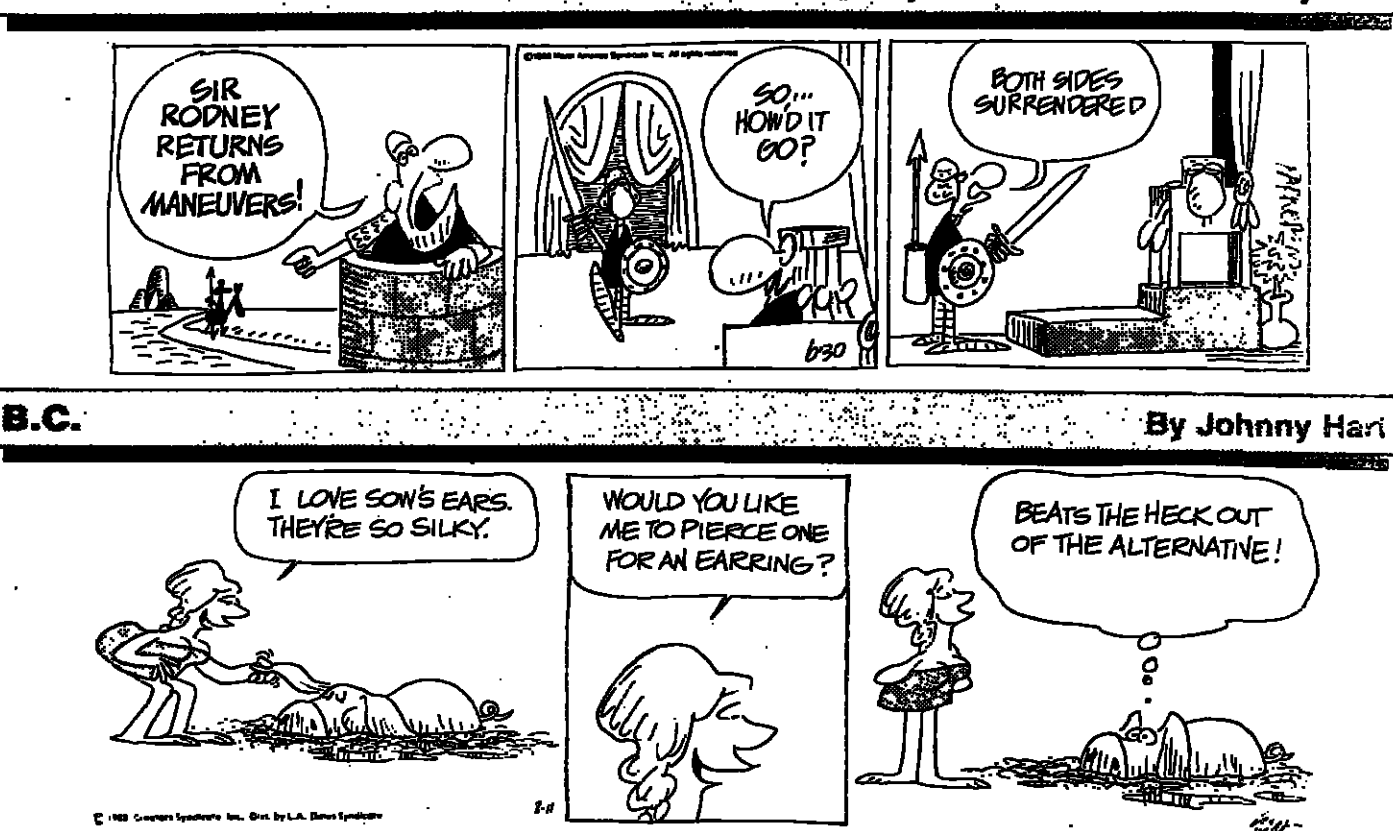
Had West been silent, declarer almost surely would have gone wrong in the play. To start with, the correct technical play in the club suit would be to cash the king and then finesse, because that would allow declarer to bring in four club tricks if West held the queen, even if it was triply guarded.



"I got you a four-slice toaster."

THE WIZARD OF ID

By Brant Parker and Johnny Hart



YOUR STARS

- Aries (March 20 - April 18)**
You should try to spend at least part of the day dying up. You should not be in a hurry that you do not have time to do anything properly. Take a little extra care when on the road. Be cordial.
- Cancer (June 21 - July 21)**
There will be plenty to do but if you do not dither you will have enough time for everything. You should not be quite so extravagant. Make sure you do not leave undone what should be done. Be responsive.
- Libra (Sept 22 - Oct. 22)**
You will meet someone very much to your liking but must not let any secrets out of the bag just yet. You will be able to increase your chances of success. Something you have learnt recently will come in very handy. Be resilient.
- Capricorn Dec 22 - Jan 19**
You will be better able to deal with a problem you will not be able to solve overnight. You are rather too liable to jump to conclusions and act on impulse; beware. Take a bit better care of your health. Be sensible.
- Taurus (April 19 - May 19)**
You will be able to have a pleasant day in good company. Do not adopt a leisurely pace which will compel you to rush things because you have wasted time. Make sure your partner feels satisfied. Be considerate.
- Leo (July 22 - Aug 21)**
You will be in high spirits and must beware of doing things on the spur of the moment. Do not behave as though you were ten years younger than you are. Think once again before you act. Be generous.
- Scorpio (Oct 23 - Nov. 21)**
You are liable to make the same mistake yet again, so beware. You should not let others deceive you. However do not be needlessly suspicious either. Be moderate.
- Aquarius (Jan 20 - Feb. 18)**
You will have a good opportunity but must act fast if you do not want to miss it. You will be able to make up for a recent error. You must take care not to get into an argument. Be punctual.
- Gemini (May 20 - June 20)**
You should not be against changes but must be careful about making them. You will have to be on your guard when dealing with someone you do not know well. Do not take everything you hear as gospel truth. Be reliable.
- Virgo (Aug 22 - Sept 21)**
You will be disappointed at the rate of progress but you should nonetheless persevere. You should avoid taking any undue risks just now. Make sure you do not eat so much that you put on weight. Be reasonable.
- Sagittarius (Nov 22 - Dec 21)**
You will be faced with an unusual situation but you will know how to deal with it. You must avoid driving too fast or too long without a break. Do not believe all you hear and do not let your eyes deceive you. Be generous.
- Pisces (Feb 19 - March 19)**
You should not allow yourself to believe that everything is as you would like it to be. Take even more care than usual if you are climbing a ladder. Avoid dwelling on the past. Be selective.

BUSINESS & FINANCE

W. German bank will continue to do everything to stem the decline of mark: Poehl

European central banks raise interest rates

NEW YORK, Aug. 26, (AP): The central banks of Britain, West Germany and several other European countries hiked their key interest rates yesterday, rekindling fears of a global rate spiral and unnerving financial markets.

On Wall Street, the Dow Jones average of 30 industrial stocks, up 37.34 points on Wednesday, dropped 15.62 to 2,010.85.

The European interest-rate hikes also had the intended effect of knocking the dollar lower, especially against the West German mark.

Some analysts believe the rate hikes by West Germany's Bundesbank, the Bank of England and other European central banks could prompt another sharp tightening of credit in the United States — where the Federal Reserve pushed rates higher only a few weeks ago.

"There's some danger that we could get" an increase in the

Fed's discount rate, said Robert Brusca, chief economist for investment firm Nikko Securities Co. International Inc. "The dollar is really looking like it's made a turn for the worse."

Other experts, however, deem it unlikely that the Fed would take such dramatic action again to raise rates so close to the presidential election in November. Instead, they expected the central bank to nudge rates gently higher by using its routine operations in the money markets — even if inflationary pressures heat up and the dollar slumps.

"The further we get along on this process of leapfrogging (interest rates), the more reluctant starts to grow," said Hugh Johnson, a senior vice-president of First Albany Corp. "In some ways, it's like a poker game and everyone starts raising the ante — and some people start dropping out."

In a surprise move Aug. 9, the

US Central Bank announced a half-percentage point increase in its discount rate to combat inflation. That put the Fed's charges member banks for short-term loans at 6.5 per cent, its highest level in more than two years.

Rise
It was the first rise in the key rate since September 1987 — the month preceding the stock market crash — and sparked a half-point increase in the US prime lending rate to 10 per cent. After the Fed increase, many market watchers believed it was only a matter of time before the United States' major trading partners responded in kind.

"We had been more or less anticipating" a European rate rise, said David Redding, an international economist for Bankers Trust Co. "It's more of a catch-up on the part of the foreigners."

The Bank of England signalled

a full percentage point increase in the British commercial banks' base lending rate to 12 per cent, following a government report on the country's trade deficit in July.

The report showed Britain's July trade gap soared 72 per cent to a record £2.65 billion pounds, or about \$4.5 billion. British Chancellor of the Exchequer Nigel Lawson said the rate was boosted to keep inflation under control.

Exports
The Bundesbank raised its discount rate to 3.5 per cent from 3 per cent, citing the dollar's recent strength against the mark. The central banks of France, Switzerland, the Netherlands and Austria quickly followed suit with rate hikes.

In Tokyo, however, a senior Bank of Japan official said there is "absolutely no need to consider an adjustment in Japan's monetary policy just because the

Bundesbank and the Bank of England raised their base rates."

While the increases may have been foreseen, experts did find surprising the vehemence of the West Germans' verbal attack on the dollar.

Bundesbank president Karl Otto Poehl said the bank will "continue to do everything to stem the decline of the mark against the dollar." Poehl's remarks seemed to overreach the February 1987 "Louvre" agreement on the value of the dollar informally adopted by the major industrial countries, Redding suggested.

"It makes you wonder about the co-ordination," he said. France's three-month-old socialist government on Thursday reversed its policy of cutting credit costs and bowed to international pressure for higher interest rates.

The Bank of France raised its key money market intervention

rate by a quarter of a percentage point to seven per cent and its five-to-10-day repurchase rate by the same amount to 7.75 per cent. On July 8 it had cut the benchmark intervention rate by that same amount.

Finance Minister Pierre Bérégovoy said in a statement that he "wanted the Bank of France's interest rates adapted to the evolution of the international monetary situation."

Priority
"The government's priority is a stable currency to create the conditions of non-inflationary growth in France."

After two cuts in official rates since arriving at the Finance Ministry in May, Bérégovoy has maintained in recent weeks that French rates could stay low because of moderate French inflation.

Higher interest rates would normally attract capital into the country.

Japanese consortium wins order from Iran

TOKYO, Aug. 26, (AP): A Japanese consortium has won an order worth about 1 billion yen (\$7.4 million) to supply Iran with pipe to be used in transporting oil, a Japanese company official said today.

An official of Nippon Steel Corp., one of eight Japanese firms involved in the deal, said the contract was struck with Iran's state-owned National Petroleum Corp. on Aug. 20, the day a ceasefire in the Iran-Iraq war was implemented.

The official, who spoke on condition of anonymity, said the order from Iran followed international bidding participated in by consortiums from France, Italy and West Germany.

Under the contract, the Japanese group will export to Iran 10,000 tons of 12-inch pipe beginning early next year, he said.

The other Japanese firms involved in the deal are NKK Corp., Kawasaki Steel Corp., Sumitomo Metal Industries Ltd., and four trading companies — Marubeni Corp., Sumitomo Corp., Mitsubishi Corp., and C. Itoh and Co.

Sony group net profit zooms

TOKYO, Aug. 26, (Reuters): Japan's Sony Electronics Group posted stunning profit growth for the three months to June 30, reflecting worldwide strong demand for its products.

Group net profit mushroomed 395 per cent to 16.1 billion yen (\$126 million) in the quarter, compared to the same period a year earlier.

Sales rose 37.2 per cent to 462.6 billion yen (\$3.5 billion), helped by demand for consumer and professional video products, compact disc players and semiconductors.

"This large gain reflects strong sales performances of electronics products in all geographical areas, especially Japan and Europe," the firm said in a statement.

Contribution
It also shows the contribution, for the first time, of sales generated by the CBS Records Group, one of the world's biggest record companies, which Sony bought last January for \$2 billion.

The gain was made more dramatic by comparison with a depressed quarter one year earlier when the strong yen undercut profitability, industry analysts said.

Since then, Sony, like many Japanese exporters, has cut costs and enhanced its profitability by shifting production overseas.

US economy grew by 3.3 pc in second quarter

WASHINGTON, Aug. 26, (Reuters): The US economy slowed between April and June but still grew steadily at a seasonally adjusted annual rate of 3.3 per cent, the Commerce Department said on Thursday.

Gross national product (GNP) rose at the 3.3 per cent figure in the second quarter of the year after removing the impact of inflation, the department said.

The economy grew slightly faster between April and June than had previously been thought, although drought-induced losses of crops and livestock limited the expansion.

Output
The increase in GNP, which measures output of goods and services, was higher than last month's estimate of a 3.1 per cent growth rate in the second quarter and followed a 3.4 per cent rise in the first three months of the year.

Government and private economists said the report affirmed data showing the economy is still expanding at a robust rate after more than five and a half years of uninterrupted growth — the longest peacetime expansion ever.

"The economy, instead of sagging, has gotten what looks like its third or fourth wind," said Commerce Undersecretary Robert Ormer.

Growth
Slowing economic growth were drought-induced crop and livestock losses estimated to total \$14.3 billion this year when adjusted for inflation, the department said. If there had been no drought, the economy would have grown at a 4.3 per cent rate in the second quarter, it said.

As a rule a buoyant economy in an election year helps the political party in power. But the

healthy growth rate has created concern, especially in financial markets, that the economy could overheat and inflation accelerate.

If the economy continued to expand at its latest pace, Ormer said, there may be a danger of overheating.

"But I'm not convinced that it's going to grow this rapidly," he said. "I would expect it to slow a bit, which I think will be well-received."

Despite an expected slowdown in the second half of the year, Ormer said economic growth should easily reach the Reagan administration's forecast of 3.0 per cent for the year.

The GNP price index rose at 4.7 per cent, unchanged from last month's estimate but up from 3.5 per cent in the first quarter, the department said. This added to concern that price rises are

accelerating.

"We're worried that the economy is growing too fast," said economist David Wyss of Data Resources in Lexington, Massachusetts. "We can't continue to grow this fast without inflation picking up."

Revision
The upward revision in second quarter GNP growth was mostly the result of larger than previously estimated federal government purchases and spending by consumers and businesses, the department said.

GNP rose \$32 billion in the second quarter to an annual rate of \$3,988 billion.

In a separate report, the department said profits of US corporations after tax liabilities rose \$17.2 billion, or 11.5 per cent, in the second quarter after advancing \$7.3 billion, or 2.5 per cent, in the first quarter.

UAE to set up oil refinery in China

BEIJING, Aug. 26, (AP): The United Arab Emirates plans to build a \$360-million oil refinery in southern China's Shenzhen special economic zone, the China Daily said yesterday.

The official daily said the refinery is the largest foreign investment project approved by China this year and marks the first time the UAE has invested in China.

Plant
The daily quoted officials of the Foreign Economic Relations and Trade Ministry (MOFERT) as saying construction should begin at the end of the year.

The plant is to refine 3 million tons of crude oil a year. The oil will be shipped from the UAE, and the finished products will be sold overseas. The refinery will be wholly owned by the UAE.

Britain goes deep in the red

LONDON, Aug. 26, (Reuters): Britain announced a record monthly payments deficit for July worth more than \$3.5 billion and the news fuelled charges the Conservative government has let a consumer boom run out of control.

Base interest rates were quickly put up, to 12 per cent, in the eighth rise in three months to try to pinch a spending spree which is sucking in record imports.

The July current account balance of payments deficit of £2.15 billion (\$3.63 billion) was twice what many economists predicted and about double the deficit for June.

Costs
The figure and the rise in borrowing costs wiped \$4 billion (\$6.75 billion) off the value of London shares. The FTSE index of 100 blue chip stocks at one point showed a 50-point drop.

"The economy is experiencing a great deal of trouble," said Bill Martin, economist at London brokers Phillips and Drew. "The British economy is now running wild and free."

The opposition Labour Party blamed the boom on big tax cuts announced last March and easy credit earlier in the year — base interest rates were at 10-year lows of 7.5 per cent in June.

The first seven months of this year, Britain was in the red by

£7.97 billion (\$13.46 billion). Prime Minister Margaret Thatcher's government had set a target of \$4 billion (\$6.76 billion) for all of 1988.

Many economists believe that raising interest rates too high will bring a dangerous cut in new investment, so they urge higher taxes a solution.

But Chancellor of the Exchequer Nigel Lawson would suffer a political loss of face if he reversed a drive to cut taxes in Britain which mirrored tax-cutting in the United States under the Reagan administration, also beset by big trade deficits.

The highest rate of British income tax has more than halved to 40 per cent since the Conservatives came to power in 1979.

In a radio interview, Lawson called the July trade figures unwelcome but said he had applied the proper remedy.

"The economy has been going ahead too fast. It is necessary to apply the breaks and that is what I've done," he said.

He ruled out an emergency budget but said interest rates may stay at the current level for some time.

Pointing to rising incomes, falling unemployment and higher manufacturing output, he said the economy was strong.

Bryan Gould, trade and industry spokesman for the opposition Labour Party, said: "Remedial action is urgently needed. The

credit boom is out of control. Interest rates are not the answer and a further rise can only make British industry less competitive."

Taxes
An Organisation of Economic Co-operation and Development report on the British economy said last week that Lawson might have to consider raising taxes again in his budget next spring.

This was echoed by a British think tank, the National Institute of Economic and Social Research, in a report on Wednesday.

The Treasury said the outlook for exports was good but that imports were growing too fast for comfort.

Imports rose by more than £1 billion (\$1.69 billion) to £9.43 billion (\$15.9 billion). Exports fell slightly to £6.77 billion (\$11.4 billion) — hit in part by an accident last month on a North Sea oil platform which shut off some 12 per cent of British output.

The balance on visible trade — food, manufactures and oil — was a record £2.65 billion (\$4.47 billion) in July, about double a revised £1.54 million (\$2.6 million) the previous month.

This was partly offset by Britain's traditional strength in invisible trade such as banking, insurance and tourism, put at £300 million (\$485 million) in the month.

Takeshita urged to expand aid to China's modernisation drive

BEIJING, Aug. 26, (UPI): Chinese leader Deng Xiaoping today urged Japanese Prime Minister Noboru Takeshita to expand aid to China's modernisation drive in technology transfer and business investment, saying they were "even more important" than loans.

Takeshita met with Deng on the second day of his first visit to China as Prime Minister. After his arrival on Thursday, Takeshita announced a major new package of low-interest economic development loans to China totalling more than \$6 billion.

At the opening of the hour-long meeting at the Great Hall of the People, Deng hailed Takeshita's visit as marking "a great new year" in relations between Tokyo and Beijing, troubled in recent years by a series of political and economic disputes.

Aspiration
"My welcome has expressed an aspiration that Chinese and Japanese leaders should establish a new type of relationship," said the 84-year-old Chinese leader, adding he hoped relations would be "not lower" than in the 1970s.

Deng's remarks appeared to cap an effort to patch up relations that soured after 1983 under Takeshita's predecessor, Yasuhiro Nakasone, over Japan's trade surplus, attempts by Japanese right-wing elements to absolve Japan of World War II-era atrocities in China and other irritants.

After repeatedly criticising Japan until early this year, Chinese leaders have apparently decided to place priority on Japanese aid to their economic modernisation programme.

During the meeting, Deng thanked Takeshita for the new loan package, yet urged Japan "to transfer more high-technology items and investment to China," the official Xinhua news agency reported.

"These are even more important than granting loans," Deng said.

Chinese leaders have in the past expressed unhappiness with what they see as Japan's reluctance to commit business investment and transfer vital technology to China.

The Japanese government transfers last year after Toshiba Machine Co. was found to have illegally sold strategic technology to the Soviet Union.

Tokyo barred Toshiba from doing business with communist nations, including China, for a year, angering Chinese firms whose contracts with Toshiba were stalled. Japan has since agreed to find substitute suppliers for the Chinese.

The Japanese hope to assuage investment worries with the signing tomorrow of an investment protection treaty, designed to ease Japanese corporations' complaints about doing business in China such as inadequate materials supply and bureaucracy.

Relations "were very bright and for the benefit of both countries," he suggested that Saudi Arabian businessmen should be invited to invest in Indonesia to strengthen economic ties between the two countries.

His proposal to promote bilateral co-operation had been welcomed by a number of high-ranking Indonesian officials, he added.

Indonesian exports to the kingdom currently include plywood, sawn timber, textiles and garments, recording tapes and foodstuff, while in return it receives crude oil and petrochemical products from Saudi Arabia.

Other Indonesian commodities which could be exported to Saudi Arabia include spices, tea, coffee, cocoa, rattan handicraft products, horticultural goods, glassware, rubber products, shrimps and medical equipment.

World Business Summary

US and Soviets agree to extend grain deal

WASHINGTON, Aug. 26, (AP): The United States and the Soviet Union have agreed in principle to extend for one year the current deal between the two countries for Soviet purchase of US grain, a US official said. The official, who spoke on Wednesday on condition of anonymity, said the terms were "essentially identical" to current arrangements, under which the Soviets must buy at least 9 million tons of US grain annually. The five-year pact expires on Sept. 30. The official said the two sides reached a tentative decision to try to devise a new second best to stick to the terms now in force. He told the Associated Press the deal was sealed last week through "diplomatic channels." A second official said he hoped a pact between the two countries could be reached at the next negotiating session, but said that no final agreement has been reached. "We feel like we made some progress, but we're still far apart on pricing, minimums and things of that nature," said Thomas Kay, chief of Department of Agriculture's Foreign Agricultural Service. The grain deal benefits US farmers, now experiencing severe drought problems, and the Soviet Union, which often looks to the West for grain though it has had a good harvest this year.

Last month, the Agriculture Department estimated that the Soviets would have a bumper harvest of 215 million metric tons, which would be their third best crop ever. The Soviets are importing grain to build up their stockpiles and to feed expanding livestock herds. The Soviets have already been given permission to purchase more than 12 million tons of grain of this year. As of last month, they had bought more than 5 million tons of corn, more than 9 million tons of wheat, 830,700 tons of soybeans and 1.3 million tons of soybean meal.

First co-operative bank set up in Soviet Union

MOSCOW, Aug. 26, (Reuters): The first Soviet co-operative bank has been established in an expansion of the banking system designed to ease conditions for non-state enterprise, the government newspaper Izvestia said yesterday. The bank is located in Chirchik, in the central Asian Republic of Kazakhstan. Its authorised capital is one million roubles (\$1.6 million), and it may also use 20 million roubles (\$33 million) in deposits, Izvestia said. It said the bank would set its own interest rates and provide simplified credit conditions for co-operative businesses, the new growth area of Kremlin economic reform. "Co-operative banks will help overcome monopolism in banking," Vyacheslav Zakharov, deputy chairman of the Soviet State Bank, told Izvestia. "By expanding the banking network, we will facilitate the development of money-commodity relations in the country. Now money will become more 'precious' than in the past, since credit will be provided on a commercial basis," he said. Izvestia said shareholders in the co-operative bank would be paid dividend shares to its profit. It said co-operative banks would also be set up in Moscow and Leningrad, and applications had arrived from Vladivostok in the Far East, Riga on the Baltic, and many cities between.

France probing technology transfer to Moscow, says US

WASHINGTON, Aug. 26, (Reuters): France is investigating the alleged diversion to the Soviet Union of advanced equipment the United States believes was used in a Soviet fighter plane programme, the Defence Department said yesterday. "The investigation involves the alleged diversion of dozens of very sophisticated milling machines to military units in the Soviet Union," Fred Hoffman, a Pentagon spokesman, told a news briefing. "We believe the machines were used in the Soviet MIG fighter programme." A milling machine is a precision grinding instrument. Hoffman identified the French company under investigation as Forest Line, which French sources said was part of an industrial conglomerate known as Machines Francaises Lourdes (MFL). Stephen Bryen, a deputy Undersecretary of Defence who monitors high-technology transfers, said on Wednesday foreign authorities were investigating a major transfer of aerospace technology, apparently to the Soviet Union. But he did not name the country or countries involved or give details of the alleged breach of Western export controls. He suggested the case could ultimately do as much damage to the West as an earlier sale by Japan's Toshiba Corp. That sale, also of milling equipment, resulted in production of much quieter Soviet submarine propellers and the Pentagon's having to spend millions of dollars on submarine detection gear, US officials say. Bryen urged a continued tight rein on Western exports, and referring to the French probe, said: "It's aerospace-related. I can't say who is involved, but we've had splendid co-operation on it and there have been the equivalent of (court) indictments in other countries." "It would be comparable to Toshiba," he told reporters at a breakfast meeting. In identifying the company and country involved, Hoffman said the Pentagon could give only limited information because the case was before French courts.

UAE central bank chief expects economic upturn from peace

ABU DHABI, Aug. 26, (Reuters): Peace in the Gulf should bring a long-term upturn in the economy of the region, the governor of the UAE central bank said on Thursday. Abdul Malik Al Hamar also predicted a considerable share for Gulf companies and banks in post-war rebuilding. "Reconstruction in Iraq and Iran is expected to take a long time," he told Reuters in an interview. "Besides, population growth forecasts and the expected social development in the two countries point to large economic development needs that will last many years." But Hamar did not predict an immediate effect on the region. "We have to wait for at least one year to feel the positive impact of peace on the economy... and, given those factors, this impact should last a long time," he said. The Japanese Economic Research Institute for the Middle East expects Iraq to spend \$88 billion over 30 years. Iraq's expenditure could reach about \$62 billion over 10 years, according to its report. "No doubt the progress achieved in the contracting sector in the Gulf states during the past years will enable it to vie for the projects to be offered to world firms," Hamar said. "Banks will benefit as well, given their enormous financing potential." Peace was also likely to bring increased investment in the Gulf Arab states themselves, Hamar said. "Peace will no doubt lure Gulf businessmen to use their huge financing capabilities to set up and contribute to new ventures in the area, which I expect to be many."

Swedish companies hope to win orders for Saudi newsprint mill

STOCKHOLM, Aug. 26, (Reuters): Swedish companies hope to win orders to build a newsprint mill in Saudi Arabia, the country's export council said today. "An agreement has been reached in principle to work bilaterally on the project, rather than put it to international tender," vice-president Sven Eric Widning said. The venture is a result of a letter of intent signed two years ago between the Riyadh-based National Industrialisation Company and Sweden's Export Council to carry out joint projects. Forest AB, a private consultancy firm, will begin a feasibility study on the \$350-million project next month. A Saudi official said today the mill would have an annual capacity of 150,000 tonnes of newsprint. "Saudi Arabia needs more domestic production and Sweden can offer cost-effective production technology," Widning said. "There are other projects in the pipeline," he added but gave no further details. The Export Council is jointly financed equally by the Swedish government and private industry.

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WORLD STOCK MARKETS

LONDON (Alpha Stocks)

NAME	LAST	192.0
ABBEE LIFE	309/0	
ADT LTD	132.5	
ALD LYONS	396/0	
AMSTRAD	206/0	
ARGYLE GP	178/0	
ASDA GP	152.0	
BAA	263.0	
BTR	70.72	
BAT INDS	437.0	
BARCLAYS	396.0	
BASS	758/0	
BEAZER	164.0	
BEECHAMS	467/0	
BERTISFORD	371.0	
BICC PLC	340.0	
BLUE ARROW	94/0	
BLUE CIRC	427.0	
BUC GP	392.0	
BOOTS CO	212/0	
BPB INDS	272.0	
BR COMM	225.0	
BR AIRWAY	153.0	
BR AEROSP	494.0	
BR GAS RG	176/4	
BR GAS RT	173/0	
BR LAND	314/0	
B.P.	238.5	
B.P.P.	141/0	
BR TELCOM	233/0	
BURMAN OL	504/0	
BURTON	210.0	
CABLESWIR	367.0	
CADBURYS	364/0	
COATS VVY	214.0	
COIN UNIT	347/0	
COWS GOLD	990/0	
COOKSONS	239/0	
COURTAULD	321/0	
DALGETY	331.0	
DEE CP	174/0	
DIXONS	158.5	
ENG CHINA	463/0	
ENTER OIL	445.0	
FKI BABCO	122/0	
FERRANTI	90.0	
GEN ACCID	881/0	
GEN ELEC	155/0	
GLAXO	935.0	
GRANADA	291/0	
GLOBE	139.5	
GLYVED	296.0	
GRAND MET	501.0	
GUARD RYL	178/0	
GKN	316/0	
GUINNESS	307/0	
HMMERSON	610.0	
HANSON	137/0	
HARRISON C	623/0	
HUKER SID	512/0	
HILLSDOWN	73.72	
ICI	993/0	

LONDON (Beta Stocks)

NAME	CLOSE	OPEN
2ND ALLCE	738/0	737/0
600 GROUP	107/0	107/0
A.AMER TS	359/0	356/0
A.B.ELECT	414/0	414/0
A.S.W.HLD	179/0	179/0
AAB KENT	80/0	81/0
AAH HLD	267/0	267/0
AARONSON	118/0	118/0
ADDISON	36/0	36/0
ADWEST	336/0	335/0
ALEX WKW	159/0	155/0
ALEXON	365/0	365/0
ALLO COLL	124/0	124/0
ALLO IR B	252/0	250/0
ALLO LBN	124/0	124/0
ALLO PLNT	58/0	59/0
ALLIANCE	834/0	832/0
AMEC	364/0	362/0
AMER TST	124/0	124/0
AMERSHAM	610/0	611/0
AM HLTCH	252/0	251/0
ANGLIA TV	177/0	175/0
ANGLO O'S	203/0	203/0
ANSBACHER	84/0	85/0
APPLEYARD	483/0	480/0
APV PLC	117/0	118/0
AQUAS.A.	75/0	76/0
ARAN ENJY	63/0	63/0
ARCHER AG	152/0	151/0
ARLINGTON	164/0	163/0
ARMSTRONG	119/0	120/0
ASHLEY LA	113/0	113/0
ATLANTIC CM	490.0	490.0
ATWOODS	282/0	283/0
AUT REE A	275/0	273/0
AUTO SECS	268/0	266/0
AVIS ELC	60/0	60/0
AVIS RUC	350/0	350/0
AVON RUBB	722/0	722/0
B.W.MILL	177/0	177/0
BAILL JAP	480/0	478/0
BAILL SHI	80/4	80/4
BAIRD (W)	265/0	266/0
BANK IRE	232/0	230/0
BANKER IT	71/4	72/0
BARKER DO	139/0	140/0
BARRT DEV	178/0	178/0
BAYNES C	29/0	30/0
BBA GROUP	172/0	173/0
BEAR B.W	3/0	3/0
BEAR BRND	8/4	8/4
BEATTIE J	148/0	148/0
BEJAM GP	161/0	162/0
BELHAVEN	59/0	59/0
BELLWAY	243/0	243/0
BENROSE	217/0	218/0
BENLOX HD	45/0	46/0
BERKELEY	304/0	304/0
BHAM MINT	407/0	408/0
BHH GROUP	103/0	103/0
BK OF SCO	355/0	355/0

LONDON (Gamma Stocks)

NAME	CLOSE	OPEN
BLCK LE 2	14/2	14/4
BNETT +F	37/0	37/0
BOASE MAS	238/0	238/0
BOODINGIN	147/0	146/0
BOOY SHOP	605/0	605/0
BOOT HENR	385/0	383/0
BORTHWICK	61/0	61/0
BR ARROW	104/0	103/0
BR ASSETS	66/0	66/4
BR DREDGI	128/0	128/0
BR VITA	232/0	232/0
BRENT CHE	142/0	141/0
BRENT WKR	382/0	382/0
BRIDON	160/0	160/0
BRITANNIC	183/0	182/0
BRITANNIC	348/0	344/0
BRIXTON E	322/0	323/0
BRYANT GP	133/0	133/0
BSG INTL	63/4	63/4
BSR INTL	81.0	83.0
BULLOUGH	463/0	463/0
BULMER HP	163/0	162/0
CALENDONIA	384/0	380/0
CAP GROUP	298/0	297/0
CAP-RADIO	309/0	309/0
CARADON	340/0	340/0
CARLTON EN	158/0	157/0
CARLEN C	721/0	718/0
CASE GRP	127.0	127.0
CATER ALL	349/0	349/0
CATTLE HD	65/4	65/0
CAULDON	11/0	11/0
CENTL ITV	541/0	540/0
CHAM PHRR	156/0	156/0
CHARTERHA	22/2	22/4
CHAS CHUR	103/0	103/0
CHORLEW	55/0	55/0
CHRISTIES	524/0	525/0
CINL GROUP	46/0	46/0
CINTRY OIL	169/0	169/0
COATES BR	325/0	325/0
COLLINS W	475/0	475/0
COLLINS W	568/0	568/0
COLLOROLL	190/0	191/0
CONNELLS	285/0	288/0
COSTAIN	300/0	300/0
COURTS A	274/0	275/0
COURTS FR	398/0	395/0
CREST NIC	199/0	200/0
CRH	133/0	133/0
CRODA INT	202/0	202/0
CRYSTALAT	154/0	153/0
CTRY PROP	285/0	283/0
DARES EST	29/4	29/4
DAVIS GDO	163/0	161/0
DAVY CORP	145/0	145/0
DE LA RUE	488/0	485/0
DELTA GRP	291/0	292/0
DEVENISH	333/0	333/0
DOITY GRP	211/0	212/0
DRAYTON C	457/0	456/0
DUNHMS NW	79/0	79/0
DUNDEE LD	294/0	295/0
DUNHILL	216/0	217/0
EAGLE TST	14/6	14/6
EDIN I.T	148/0	149/0
ELECTRODM	204/0	202/0
ELLIS EVA	187/0	188/0
EMAP	212/0	212/0
EMPIRE ST	263/0	263/0
ERA GROUP	88/0	88/0
EURO HOME	324/0	325/0
EUTHERMOT	377/0	377/0
EUTRNL IT	302/0	302/0
EUTRNL TV	19/2	19/2
EXPAMET	204/0	203/0
F&C ENTER	28/0	28/4
F&C EURO	206/0	206/0
F&C PACIF	134/0	133/0
F&C-SMILR	71/0	71/0
FARNELL E	102/0	102/0
FED. HOUSN	280/0	280/0
FENNER JH	162/0	162/0
FERGUSON	270/0	270/0
FINLAN GP	89/0	90/0
FINLAY J	104/0	105/0
FITCH LOW	277/0	278/0
FLMG AMER	115/4	115/0
FLMG F&E	177/0	176/0
FLMG INE	136/0	136/0
FLMG JAPN	208/0	206/0
FLMG MERC	174/4	174/0
FLMG TECH	181/4	182/0
FOR COL	103/4	104/0
FRESHBKE	160/0	160/0
FROTHING	378/0	377/0
GALLIFORD	68/0	69/0
GARDINER	51.0	51.0
GEESE	274/0	274/0
GEL INTL	134/0	134/0
GERBONAT	267/0	265/0
GESTETNER	203/0	203/0
GPE	51/0	51/0
GRANPH HD	276/0	277/0
GREEN KNG	458/0	457/0
GREENLL W	235/0	235/0
GREYCOAT	399/0	399/0
GRUP TV A	45/0	45/0
GT PRTLAND	333/0	333/0
GUINNESS NA	121/0	121/0
GUS ORD	700/0	700/0
GVTY ATLA	122/0	122/0
GVTY STRA	227/0	227/0
H.LIND (H)	111/0	111/0
HALL (H)	130/0	130/0
HALLA	182/0	182/0
HAMBERS I	216/0	216/0
HAMERSON	626/0	625/0
HAZELWOOD	45/0	45/4
HEATH(CCE)	417/0	414/0
HELENE PL	35/0	35/0
HEPWORTH	238/0	239/0

NEW YORK

NAME	OPEN	MID-DAY
A.BSCH COM	29/5	29/5
ATLANTIC R	80/4	80/4
AAR CORP	25/6	25/4
ABBOTT LAB	45/4	45/4
ACME CLVD	9/5	9/5
ADV MICRO	11/6	11/5
AEROPL LAB	0	7/4
AETNA LIFE	47/6	47/6
AMHANSON	14/7	14/6
AIR PR-CHN	41/0	40/7
ALASKA ATR	19/3	19/2
ALBERTSONS	34/5	34/5
ALBMA 8-16	82/0	82/0
ALCAN ALUM	29/6	29/7
ALCO STAM	24/2	24/2
AM CYANAM	45/5	45/5
AM ELET PW	26/7	27/0
AM HOM PRO	75/2	75/4
AM HOM PRO	79/5	79/7
AM STANDAR	0	77/6
AM STORES	49/5	49/3
AM TEL-TEL	24/6	24/7
AMOCO CORP	74/5	74/4
AMP INC	42/1	42/2
AMPCO PITT	0	12/2
AMR CORP	43/0	43/0
AMR GEN CO	33/0	33/0
AMERADA WE	26/5	26/6
AMERICAN E	0	11/4
APACHE CO	7/3	7/4
APACHE PET	2/3	2/3
ARMSTRONG	34/0	34/2
ASHLAND OIL	34/6	34/5
ASIA PACIF	6/1	6/2
ATLS CORP	34/0	34/0
ATV INT	21/1	21/1
AVNET INC	19/6	19/6
AVON PRODS	23/2	23/4
BCE INC	29/5	29/5
BELLSOUTH	39/1	39/1
BELP CO A	26/0	26/0
BETH STEEL	20/5	20/6
BEVERLY	5/7	5/7
BANK BOSTON	27/5	27/5
BANK BOSTN	30/0	30/0
BANK N-YORK	35/4	35/4
BANK N-YORK	37/4	37/4
BANKAMERICA	13/7	14/0
BANK SPEC	6/7	6/6
BOEING CO	58/6	58/5
BOISE CASC	42/0	42/0
BND IN GLD	0	10/3
BORDEN	52/2	52/1
BOATER	31/0	30/4
BR TELECOM	39/2	39/3
BRIGGS-STR	29/2	29/1
BRIST-MYER	41/6	41/6
BURNSWICK	19/5	19/6
BURNDY CO	17/1	17/2
C 3 INC	12/0	11/7
CABOT CORP	39/4	39/4
CAESARS WO	25/1	25/1
CAS FREIGHT	21/0	21/0
CAS NAT GKS	14/3	14/3
CAS-TOOKE	25/5	25/5
CATERPI TR	56/6	57/0
CB I INC	28/4	28/4
CBS	159/5	159/5
CENTEL CP	41/2	41/4
CHAMP INTL	31/2	31/4
CHAMP SPA	12/1	12/0
CHARTER CO	3/6	3/6
CHASE MAN	28/2	28/0
CHENED CP	30/2	30/0
CHEMICO BNC	31/5	31/7
CHRYSLER	44/0	44/1
CHRYSLER	22/2	22/2
CHRYSLER	54/2	54/5
CHUR FR CH	6/0	6/0
CIGNA CORP	42/7	48/6
CIN MILAC	21/7	21/6
CIR CIT ST	32/4	32/3
CIRCLE K	15/0	15/0
CITICORP	23/4	23/5
CLARK EQUI	29/4	29/3
CLOROX	30/4	30/4
COBELL RES	1/1	1/1
COBELL SP	27/0	26/6
COCACOLA	39/0	39/1
COCA-COLA	1/7	1/7
COLEMAN CO	36/5	36/4
COLG-PALMN	41/5	41/5
COLUM GAS	33/4	33/4
COLUMBUS-C	0	112/4
CON EDISON	29/5	29/5
CONAGRA	30/7	30/7
CON EDISON	42/6	42/7
CONTINENTAL	39/2	39/6
CONTEL ILL	0	0
CONTEL CP	35/3	35/3
CONTR DATA	21/3	21/1
COOPER T-R	19/6	19/4
COOPER COR	9/7	10/0
CORNING GL	56/6	56/6
CRANE	28/7	29/0
CRAY RES	79/1	79/1
CULLINET	6/0	5/7
DANIEL IND	9/0	9/0
DATA GEN	17/0	17/0
DATAPoint	4/5	4/5
DAYTON HUD	37/0	37/0
DEC	93/2	93/1
DEERE-CO	44/3	44/6
DELTA AIR	13/4	13/4
DIEBOLD	37/3	37/1
DISNEY W	60/6	61/0
DOVER CORP	57/6	57/4
DOM CHEMIC	82/3	82/3
DOM JONES	32/3	32/6
DRESSER IN	30/5	31/0
DREYFUS	25/5	25/4
DUKE POWER	43/3	43/4
DUN BRAD	47/5	47/7
DUPONT	80/1	80/0
DUQUESNE	15/2	15/3
DYNAMICS	0	23/2
E SYSTEMS	28/0	28/0
EAGLE PICH	0	28/2
EASTERN G	23/4	23/3
EMERSON EL	28/3	28/3
EMERSON RA	3/1	3/1
ETHYL CP	20/6	20/6
EXXON	45/7	45/6
FED DOL ST	13/7	13/5
FED NAT MO	45/0	45/1
FIELDCREST	23/3	23/2
FIN COR-AM	11	11
FLEETWOOD	20/4	20/5
FMC CORP	33/4	33/2
FORD MOTOR	48/2	48/4
FORT HOMAR	51/6	51/5
FOXBORO CO	0	28/0
FRCHLD IND	10/3	10/2
FST BANK	20/3	20/5

NEW YORK (Continued)

63	GALVESTON	1/2	1/4	MO
80/4	CATX CORP	0	45/2	MO
25/4	GCA CP	0	5/2	MO
45/4	GEARHART	.09	.09	MO
9/5	GEN DATA	3/4	3/4	MR
11/5	GEN DYNMCS	49/3	49/5	MR
7/4	GEN ELECT	39/7	39/7	MR
47/6	GEN HOST	10/2	10/1	NA
14/6	GEN HOUSHR	0	8/1	NCR
40/7	GEN INSTR	28/6	28/4	NE
19/2	GEN MILLS	49/3	49/4	NE
34/6	GEN MOTORS	72/4	72/3	NE
28/0	GEN SIGNAL	46/2	45/7	NE
92/7	GENCORP	19/3	19/5	NE
24/4	GENETECH	21/0	21/2	NI
45/5	GENUINE PA	34/0	34/2	NI
75/4	GEOPAC-80	0	75/4	NI
19/7	GEORG-17	37/0	37/0	NI
49/3	GIBER FL CL	2/5	2/4	NL
47/6	GLOBAL MAR	.08	.08	NO
24/2	GOLDEN NUG	12/0	12/1	NO
74/4	GOODRICH	47/3	47/1	NO
42/4	GOODYEAR	58/7	59/0	NO
12/2	GOULD INC	14/5	14/6	NO
12/2	GRADE WR	24/1	24/0	NO
33/0	GRANCE	55/6	55/5	OA
26/6	GREENHOUND	31/2	31/1	OC
11/4	GRUMMAN	21/1	21/2	OC
7/4	GULF RES-C	0	14/2	OG
2/3	GULF WESTN	40/6	40/6	OH
34/2	HALLIBURTON	26/7	27/2	OH
34/2	HALLIBURTON	14/6	14/5	OH
34/5	HANNA MIN	29/4	29/6	OM
6/2	HARRIS CP	25/1	25/7	OR
34/0	HARTMARX	24/6	24/6	PA
19/4	HEINZ HJ	41/7	41/6	PA
23/4	HEL CURTIS	35/0	35/0	PA
29/5	HELM-PAYNE	21/5	21/4	PA
39/0	HERCULES	44/3	44/5	PA
20/6	HEW-PACK	45/2	45/2	PA
5/7	HILLENBRND	34/3	34/5	PA
37/3	HILLENBRND	28/4	28/4	PA
11/1	HILTH HTLS	35/3	35/5	PC
35/4	HITACHI	140/4	132/3	PE
19/2	HMTAKE MIN	14/4	14/4	PE
16/0	HNDY-HAPMAN	17/6	17/7	PE
58/5	HOLIDAY	23/1	23/5	PE
42/0	HOME DEPOT	24/0	24/0	PH
10/3	HOMER FED S	22/2	22/7	PH
52/1	HONDA MOTOR	158/2	161/3	PH
30/4	HONEYWELL	59/4	60/0	PH
39/3	HOUGHTON MI	0	34/6	PI
29/1	HOUSTON IN	29/5	29/4	PI
41/6	HUGHES SUP	16/6	16/6	PI
19/2	HUMANIA INC	23/7	22/7	PI
11/7	ICI INDUSTR	111/5	111/6	PO
13/4	ICM PHARMA	35/0	35/2	PR
25/1	ILL PWR CO	18/7	19/0	PR
25/1	INCO LTD	30/5	30/6	PR
25/1	INGRSLL-RR	36/3	36/5	PR
19/2	JEFF PILOT	35/0	35/0	PR

International Bond Highlights

LONDON — Alliance and Leicester Building Society is issuing a 200 mln stg floating rate note due September, 1993, paying 1/8 point over the three month London Interbank offered rate with a minimum coupon of five pct, lead manager Union Bank of Switzerland (Securities) Ltd said. (RTWJ 1445)

TOKYO — Ricoh Co Ltd said it will offer the public 30 billion yen in 9-1/2-year unsecured convertible bonds. The bonds will be priced at par and mature on March 31, 1993, while the coupon will be decided at the next board meeting. (RTTH 0906)

LONDON — Swedish Export Credit is issuing a 200 mln dir Eurobond due October 7, 1991 paying 9-1/2 pct, priced at 101-1/4 pct, lead manager IBI International Ltd said. (RTZU 0846)

LONDON — The Eurobond launched recently for Electricite de France has been increased to 250 mln dir from the initial 200 mln due to good demand for the deal, lead manager J.P. Morgan Securities Ltd said. (RTTM 0920)

FRANKFURT — Japanese transport firm Sanko Co Ltd is launching a 130 mln mark warrant Eurobond due October 1, 1993 with an indicated coupon for 1-1/2 pct and par pricing, lead manager Bayerische Vereinsbank AG said. (RTZH 0741)

Interbank Rates

CALL	ONE MONTH	THREE MONTHS
LON 12-1/8 12	12-1/8 12	12-5/16 3/16
FF 4.55/65	5.10/15	5.35/40
PAR 7-3/4 13/16	7-1/2 5/8	7-13/16 15/16
ZUR 1-5/8 1-7/8	3 3-1/4	3-1/2 3-3/4
BRX 4.85	7-1/8 1/4	7-1/2 5/8
ROM 10 10-1/2	11-3/8 11-7/8	11-1/4 11-3/4
AMS 5.0 5-1/4	5-3/8 5-1/2	5-5/8 5-3/4
TOK 3.8125 8700	4.1250 1875	4.0625 1250
ECU 6.87 7.12	7.18 7.31	7.56 7.68

Interest Rates

FOLLOWING are the average KD interest rates of local interbank transactions as reported by participants to Central Bank of Kuwait yesterday.

Period	Bid	Offered
1 month	6	6-1/4
3 months	6-1/8	6-3/8
6 months	6-3/16	6-1/2
1 year	6-3/16	6-9/16

BOMBAY

PR.CLOSE	OPEN	CLOSE	GLINDIA	53.50	53	68	NICO	575	570	582.50
ICC	227	230	232	65	46.50	47	46.50	88.50	88	92
ASIA PAINT	162.50	162.50	165	GRSIN	105.50	104	105.50	502.50	505	502.50
JARUN AUTO	262.50	265	263.75	HIND LEVER	67.75	67.50	26.35	PEICO	29	27.50
JARUN RAYON	235	235.50	235	HINDALCO	97	98	39	PFIZER	54	54.50
30M OILING	112	111	102.50	HINDCO	77	77.50	96.50	PRE AUTO	30.50	31.25
SR. BOND	85	85	87	HINDMOTOR	26	26.25	28	RATNOD	52.50	52
SSE INDEX	599.22	594.68	594.68	IND ORG	27	26.50	27	RELIANCE	200	202
CENTURYSPG	912.50	920	926.25	INDOROL	66	66.50	66	SIEMENS	71.50	71.50
COLGATE	220	220	222.50	INDOROL	150	147.50	150	SPIC	48.25	48.25
DEPAKPERT	37	37.50	37	ITC	38.50	38	38.50	STDWILLS	240	240
E. HOTEL	50	49	50	JKSYNTH	68.75	69	68.25	TATA PUR	217.50	215
ESKAYE	118.75	117.50	118.75	L AND T	110.50	111	109.50	TATACHEN	73	72.50
ESSAR	20.50	17.75	17.25	MAHINDRA	57	57	57.50	TELCO	665	675
GAR. POLY	74	74	74	MASTERSH	10.25	10.12	10.25	TISCO	815.75	822.50
GE.SHIP	27.85	28	27.75	NATHER PL	50	48	54	VOLTAS	335	340

FRANKFURT

STOCK	LAST	PR-CLSE
AGG	202.5	202.4
ALLIANZ VR	1490.0	1492.5
BADENWERK	177.5	180.0
BASF	258.6	261.0
BAYER	290.0	291.0
BAYER HYP	325.5	327.5
BAYER VER	323.0	325.0
BBC	303.2	303.0
BHF	409.0	412.0
BHW	477.0	485.0
COMMERZB	224.2	225.0
CONTI GUM	237.0	238.0
DATHEM BEM	650.0	652.0
DEUTSCHE BHK	455.3	458.0
DRESDENER	371.0	378.0
DRESDNER	256.2	256.6
FAZ BARDOCK	171.2	171.0
FAZ INDEX	478.65	482.10
FELDMUEHLE	267.8	268.0
GOLDSCHEID	290.0	286.5
HARPER	431.0	428.0
HOECHST AG	279.7	280.0
HOESCH	155.6	157.2
HORTEN	189.0	188.0
MUSSEL HLD	401.5	408.0
KALI SALZ	161.0	162.2
KARSTADT	396.2	395.2
KARSTADT	342.0	341.0
KLOECK H	135.1	136.0
KLOECK W	101.0	101.0
LINDE	679.5	681.0
LUFTHANSA	136.0	137.0
MAM	199.7	201.9
MANNESSAN	173.0	173.5
MERCEDES	513.0	515.0
METALLURG	296.5	298.0
NORDFORD PF	425.0	419.6
NORSK HYD	55.20	56.30
PHILIP KOD	615.0	619.0
PORSCH	554.0	554.0
PREUSSAG	170.0	171.0
REI	214.0	215.0
RHEINMETAL	284.0	277.0
RWE	228.0	230.0
RWE P	211.7	212.0
SALAMANDER	251.0	250.0
SCHERING	498.0	496.0
SEL	276.0	280.1
SIEMENS	222.5	225.5
THYSEN	149.4	151.1
VARTA	271.0	272.0
VEBA	254.0	254.1
VEW	159.4	159.5
WOLSKNAGEN	248.2	250.0

HONG KONG

STOCK	LAST	PR-CLSE
H TUNNEL	14.70	15.10
HEUNG K	7.05	7.15
HINA GAS	15.60	16.00
HINA L-P	15.70	16.00
HINA MTR	20.20	20.70
ISMO PRO	3.45	3.50
TERGO IND	.45	.47
R EAST C	.68	.74
N ORIENT	0	44.00
C DEVELOP	9.40	9.50
S INDEX	444.83	520.86
NG LUNG	4.80	4.87
NG SENG	28.00	28.50
V PAR BR	9.72	9.72
ELEC CO	7.00	7.10
KOMCOON	7.75	7.85
LAUD CO	8.00	8.15
SHAN BK	6.10	6.20
SHAN HT	4.45	4.72
TELE CO	5.30	5.40
ICI WHAM	7.95	8.35
I EQ PAC	11.30	11.60
WINE M	12.50	13.00
WLOON M	9.00	9.10
I WORLD	6.80	10.70
I Y CON	2.92	2.80
LT DEV	7.15	7.15
I K CO	1.84	1.91
I K PROP	9.85	10.00
IE DARY	2.07	2.15
LUX MFG	2.67	2.80
PE PAC	17.20	17.90
B CO	12.80	12.80
CHUNG	3.37	3.45
ON BANK	1.51	1.55
CK MARD	0	7.25
CK MARI	0	1.15
LD INTL	3.72	3.80

TOKYO

STOCK	LAST	PR-CLSE
AJUNOMOTO	2900	2900
AKAI ELEC	602	615
AKI	907	911
ASAHI GLS	1850	1880
ASAHI OPT	674	674
BANK TOKYO	1550	1550
BRIDGESTON	1270	1280
CANON	1480	1490
CASIO COMP	1420	1470
CHUGAI PHM	1500	1520
CITIZEN W	810	811
D-ICHI KAN	2950	2990
DAI NIP IK	765	790
DAI NIP PT	2560	2600
DAI NIP SEC	1050	1080
DAI NIP TO	620	643
DAICEL	818	830
DAIWA H	2000	2020
DAIWA SEC	2290	2310
EBRA MFG	921	917
EISAI	1950	2000
FUJITSU	1820	1850
FUJII PHOTO	3150	3150
FUJII PHOTO	3790	3800
FUJISAWA	1780	1750
FUJITSU CP	712	715
HITACHI	1730	1770
HONDA MOT	2110	2180
ISSETAN	2250	2290
ITO YOKADO	4270	4300
JAP SYN RU	1140	1160
JAPAN AIR	14400	14400
JAPAN NET	640	635
KAJIMA	1440	1430
KANSAI EL	3040	3060
KAO SOAP	1690	1700
KAWASAKI S	622	643
KIRIN BEV	733	745
KOMATSU	1910	1890
KUBOTA LTD	761	765
KYOCERA	731	750
KYOKKA	5740	5840
MAKITA EL	1650	1670
MARUI	3000	3020
MATSUDA EI	2690	2720
MATSUDA EL	0	2660
MEIJI SEIK	930	925
MITSUBI CP	1100	1120
MITSUBI EL	950	948
MITSUBI EST	2390	2420
MITSUBI HYV	897	905
MITSUBI CO	865	880
MITSUBISHI	1860	1870
MITSUBI EL	1030	1050
NICHICON	1310	1360
NIHON CHMT	800	810
NIKKO SEC	1760	1780
NIP ELEC	2100	2120
NIP KOKKAN	677	685
NIP OIL	1090	1090
NIP STEEL	710	718
NIP YUSEN	715	730
NIS MOTOR	1170	1170
NOMURA SEC	3690	3670
ONDA CO	935	950
OLYMPUS	1060	1100
PENTAX OCN	840	860
PIONEER	3590	3660
RENOVA	930	940
RICOH	1280	1280
SANKYO	2030	2030
SANYO ELEC	699	705
SEIYU ST	2140	2190
SEKISUI PB	1690	1690
SHARP	1180	1180
SHISEIDO	1700	1710
SONY	6810	6860
SUNITOMO	1020	1030
TAISEI	880	887
TAISEI MNR	1070	1100
TAKEDA CH	2680	2650
TEIJIN	770	763
TOKO NEW IX	155.09	175.49
TOKIO MNR	1940	1970
TOKYO ELEC	1290	1290
TOKYO GAS	1260	1290
TOKYO POWR	5650	5650
TORAY IND	812	820
TOSHIBA EL	1100	1110
TUBATO	2060	2080
TOYO KKOY	669	674
TOYOTA MOT	2640	2750
YAMAHA	1390	1400
YAMATACHI	1780	1800
YAMAMOTO	3990	4000
YAMAZAKI	1470	1460

Tokyo Stock Market Report

TOKYO STOCKS CLOSE DOWN IN THIN TRADE. TOKYO, AUG 26, REUTER - SHARE PRICES CLOSED DOWN IN THIN TRADE AFTER A STRING OF EUROPEAN INTEREST RATE HIKES OVERTHROU AND THE END OF TRADING FOR AUGUST SETTLEMENT ON SATURDAY DAMPENED SENTIMENT, BROKERS SAID.

"VOLUME IS LIGHT. IT'S NOT A PANIC SELL-OUT," SAID CASEY FLAHERTY, A TRADER AT YAMAICHI SECURITIES.

"THE OVERALL FEAR OF INTEREST RATE HIKES IS PREVAILING IN THE MARKET. BUT THERE IS OPTIMISM THAT JAPAN WILL NOT RAISE INTEREST RATES SOON," HE ADDED.

THE NIKKEI INDEX LOST 305.03 POINTS, OR 1.09 PCT, TO 27,565.41. IT GAINED 70.77 POINTS ON THURSDAY.

FALLS LED RISES BY 4.3 TO ONE IN THIN TURNOVER OF 450 MLN SHARES AGAINST 400 MLN.

COMMUNICATIONS, SECURITIES HOUSE, RETAIL, WAREHOUSE, ELECTRICAL, BANK, RAILWAY/BUS, RUBBER, NON-LIFE INSURANCE, REAL ESTATE AND AUTO SHARES LED THE DECLINES. THE ONLY SECTOR TO RISE WAS PHARMACEUTICALS.

THE BUNDESBANK RAISED ITS DISCOUNT RATE BY HALF A PERCENTAGE POINT ON THURSDAY AFTER A REGULAR COUNCIL MEETING.

THE MARKET HAD ALREADY DISCOUNTED THIS TO SOME EXTENT. TRADE HAD BEEN SLAGGED AND INSTITUTIONAL INVESTORS MOSTLY SIDELINED THROUGH THE WEEK, BROKERS SAID.

"IT LOOKS LIKE MOST OF THE BAD NEWS HAS BLOWN UP FOR THE TIME BEING AND PEOPLE ARE WAITING FOR THE NEW TRADING PERIOD," SAID MIKE MORIZUMI, AN ANALYST AT MERRILL LYNCH JAPAN INC.

A RELATIVELY CALM REACTION BY WALL STREET OVERNIGHT, WITH THE DOW JONES AVERAGE CLOSING DOWN 16 POINTS AT 2,011, SOOTHED INVESTORS WHO WILL WATCH TO SEE IF CAN SAY ABOVE THE 2,000-POINT LINE, BROKERS SAID.

BUT SOME WERE SURPRISED AT THE SHARP DROP HERE. A NUMBER OF THE OTHER EUROPEAN INTEREST RATE INCREASES MIGHT NOT HAVE BEEN ANTICIPATED THE WAY THE WEST GERMAN DISCOUNT RATE RISE WAS, SAID MORIZUMI.

Hong Kong Market Report

HONG KONG, AUG 26, REUTER - THE HANG SENG STOCK INDEX CLOSED 56.03 POINTS, OR 2.2 PCT, WEAKER AT 2,464.83 AFTER BEING DOWN MORE THAN 70 POINTS AT ONE STAGE, BROKERS SAID.

BROKERS SAID THE MARKET WAS AFFECTED BY FALLS IN OTHER REGIONAL MARKETS INCLUDING BANGKOK, SINGAPORE AND TAIPEI, BUT BARGAIN-HUNTING HELPED IT FINISH ABOVE ITS LOWS. THEY ALSO BLAMED THE MARKET'S WEAKNESS ON WALL STREET'S FALL WHICH STEMMED FROM INCREASES IN KEY EUROPEAN INTEREST RATES.

AMMAN

As of 24.8.88	OPNG	CLSG
ALA-ADDIN COMPANY	1.06	1.08
ARAB ALUMINUM IND.	1.57	1.55
ARAB BANK	113.7	111.2
ARAB CHEMICAL DTR	3.96	3.95
ARAB FINANCE CORP.	1.39	1.39
ARAB INSURANCE	0.83	0.90
ARAB INT. INV/TRADE	0.98	0.98
ARAB INT. UNION INS	0.94	0.90
ARAB INTER. HOTELS	0.53	0.58
ARAB JOR/INVT/BK	2.10	2.10
ARAB PAPER COM/TRD	0.29	0.27
ARAB PHARMA/MANF.	1.92	1.91
ARAB PHARMA/CHEN	0.76	0.75
ARAB POTASH CO.	---	---
ARABIAN SEAS INS.	1.65	1.65
BANK OF JORDAN	14.90	14.90
BELGIUM INSURANCE	1.00	0.95
CAIRO AMMAN CAR	28.00	28.00
CONFECT/CHOCOLATE	1.05	1.25
DAR AL SHAAB PRESS	0.43	0.42
DAR ALDAMA DV/INV.	1.53	1.54
DARCO/INVEST/HOUS.	0.51	0.50
FINANCE/CREDIT/COR	0.53	0.53
GARAGE OWNERS OFF	3.65	3.55
GENERAL INSURANCE	2.39	2.63
GENERAL INVESTMENT	1.29	1.33
GENERAL MINING	1.35	1.40
HIMMEL MINERALS	0.75	0.75
HOLY LAND INS.	1.25	1.26
IND/PLANT JENCO	0.60	0.58
INDUSTRIAL DEVELP BNK	1.47	1.47
INDUSTRIAL/COM/MAFG	1.16	1.16
INDUSTRIAL INVEST.	0.75	0.75
INTERN. COM/INV	0.20	0.20
IRBID ELECTRICITY	0.85	0.86
ISLAMIC INV. HOUSE	0.64	0.64
INTERMED/PETRI/CH	1.22	1.20
J. TOUR SP COMPLEX	0.79	0.80
JERUSALEM INS.	1.26	1.29
JOB TABACCO/CIGARET	14.50	14.50
JOR CERAMIC FACTOR	1.20	1.23
JOR EAGLE INS.	25.01	25.05
JOR ELECTRIC POWER	1.70	1.65
JOR FINANCE HOUSE	0.94	0.94
JOR GLASS INDUSTRY	0.87	0.84

Sterling sinks

Markets steady amid inflation, rate anxiety

LONDON, Aug. 26, (Reuters): Stock markets mostly kept cool today at the end of a week when rising inflation in the global economy forced six European nations to raise interest rates.

Wall Street share values showed early modest gains, after a 16-point drop on the Dow Jones industrial average yesterday immediately after the interest rate moves by West Germany and others including Britain and France.

New York dealers said news today of a less than expected rise of 0.5 per cent in US personal spending in July eased fears of inflation.

"People were looking for a signal and they got a positive one," said senior trader Ken Ducey at S.G. Warburg.

The Dow Jones New York's midday was up 7.29 at 2,018.14, little changed from where it began this week.

Gains

Today's surprise gains in New York put heart into the London market which ended with the 100-share FTSE index at 1,770.7 — down 9.5 but above lows around 1,760.

Values had been marked down in London to try to find buyers a day after British base interest rates went up to 12 per cent.

That action represented a government move to pinch off an inflationary boom that, as imports surged, sent Britain's trade gap last month above \$3.5 billion, a record.

But Casey Flaherty, a trader at Yamaichi Securities in Tokyo, said: "It's not a panic sell-out." And share dealers elsewhere

mostly concurred in seeing too few buyers, not too many sellers. Investors are jittery lest interest rates now go up again in the United States, and in Japan, leading to a competitive round of increases that would crimp global economic expansion.

Rates

Stock markets have high interest rates. They mean more people keep their money in the bank, while dealer borrowing crimps demand for companies' products and puts up their costs.

The dollar closed in London today worth 1.0885 marks after 1.8658 yesterday.

The West Germans, in raising their discount rate from three to 3.5 per cent this week, wanted to make Deutschmark assets more attractive and stop a powerful rally of the dollar.

Money has been attracted to it this summer as US interest rates moved higher to deal with inflation in America. But a strong dollar puts up Europe's import bills.

Dealers

European currency dealers said it appeared that a cap had now been put on the dollar, for now. Its present value compares with 19-month highs at 1.92 marks earlier in August.

Big central bank dollar sales last week and this week helped drive it down, together with yesterday's European interest rate rises and a strong pledge to defend the mark by West German Bundesbank President Karl Otto Poehl.

"The mark is back in favour again after yesterday's events," said a senior currency dealer at a

large German bank. "The Bundesbank was incredibly forceful yesterday," added James O'Neill, fixed income economist at Swiss Bank Corp in London.

The dollar closed steady at 133.85 yen. Gold was little changed at a London afternoon setting of \$433.15 an ounce. Sterling was weaker at 75.6 on a Bank of England index against other key currencies after yesterday's closing 75.9.

In London the effect of weak sterling and a subsequent sharp rise in sterling money market rates was dampened by a higher trend on the New York stock market, and share prices stood well off their lows in late trading.

Dealers said trading was nervous throughout the day as the market grappled with the balance of payments and base rate news. But few market observers expect prices to drop much below current levels.

At 1430 GMT the FTSE 100 was down a net 11.5 points at 1,768.7 after a low of 1,759.7 at 1049 GMT. Volume, as was the case yesterday, was higher than at late at 358 million shares.

Nervous

Although the market was very nervous over the trend of interest rates, high institutional liquidity is expected to underpin the market.

"If investors haven't sold after all this bad news I can't see them selling at all," one analyst said. "The market is obviously going to be sensitive to more bad news but I can't see a dramatic sell-off... certainly nothing like October's crash."

The three month sterling inter-bank rate, the guide to base rates, was quoted 3/8 point up at 12-5/16 3/16 on the weakness of sterling. Some investors are worried that the pound could drop in New York and Tokyo on Monday when the UK is on holiday.

Key

"Sterling is very much the key to what is going to happen to base rates, so the equity market is going to keep a very close eye on the foreign exchange markets for some time to come... you can expect stocks to fall or rise along with the pound in the near term," one trader said.

Chancellor of the Exchequer Nigel Lawson earlier today defended his policy of using interest rates to control inflation. He said credit controls, another method of controlling inflation, would "create distortions in the economy which cause far more problems than they cure... and would be largely ineffective."

Demand

Dealers said the effect of higher interest rates on the corporate sector is likely to be more strongly felt through the slowing in consumer demand, which is the ultimate aim of the rate rises, rather than in the direct cost of borrowing.

"I can see the fall-off in demand putting the retail and leisure sectors under pressure and, eventually, the building industry as well," an analyst said.

One building analyst said, "It looks like interest rates will hold at present levels for some time. Since many thought the housing market was near the top anyway, this could push it right off the

edge, with a resultant downturn in profits."

By 1530 GMT the building materials and construction sectors stood 2.1 per cent lower on the day while leisure stocks had shed 1.3 per cent and stores 2.3 per cent.

Cement group RMC dipped 12p to 454 and Blue Circle 12p to 428 while stores group GUS slumped 24p to 1,030 and Woolworth 5p to 250. Sears was again near the top of the active list with over 10 million shares changing hands for a 4p fall to 141.

BP part-paid shares were 2-1/2p down at 140 and topped the active list with over 11.2 million shares changing hands.

Stake

Aug 30 is the deadline for the second payment of 105p on the shares but they began trading divided and in a form which included this payment at the start of this week.

The Kuwait Investment Office, which has a stake of almost 22 per cent in BP, has confirmed it will be paying the second instalment due on its holding, which analysts said could cost it around £1.4 billion.

Jaguar was 12p off at 252 in reaction to an unexpectedly sharp fall in half-year pre-tax profits to £22.5 million from £45.7 million last year. Forecasts had centred around 30 million but currency movements made a bigger than expected dent in profits, dealers said.

The FTSE 100 index closed 9.5 points down at 1,770.7 as Wall Street held on to its earlier gains. Volume on the day was 415 million shares.

OPEC secretary-general to meet Sheikh Ali

Subroto leaves for Kuwait

VIENNA, Aug. 26, (KUNA): OPEC Secretary-General Dr Subroto left for Kuwait today at the start of a Gulf tour that will also take him to Iran and Iraq to discuss how to overcome the oil market glut and bolster flagging oil prices.

In Kuwait, Subroto, the former Indonesian oil minister will discuss current world oil market developments with Kuwait's Oil Minister Sheikh Ali Al Khalifa. Subroto's Gulf tour is part of consultations with all OPEC countries prior to the organisation's ministerial conference on Nov 25.

In an interview with KUNA, Subroto called his visit to Kuwait "an appropriate lead" to his trips to Iran and Iraq, two key OPEC producers.

Hope

He expressed hope that Iran and Iraq will resolve differences about output quotas now that they have started a ceasefire.

Iraq had refused to adhere to its OPEC-decreed output share unless the share equalled Iran's 2.4 million barrels per day.

Both countries are expected to overproduce and adding to the current market glut as post-war reconstruction starts.

Meanwhile, Subroto said the disagreement between Kuwait and Venezuela over the issue of condensates was being exaggerated.

In an exclusive interview with OPECNA, the secretary-general said the question of a definition of condensates was a general problem, rather than that of acrimony between the two OPEC member countries.

He noted that the production



Subroto

of condensates by OPEC countries had been increasing continuously.

"We should be in a position to control this continuous increase because, after all, condensates are substitutes for crude oil," Subroto said.

Target

He added that one target before the Oct 10 meeting of the technical experts would be to arrive at a definition of condensates which would be acceptable to all and which could be applied uniformly.

Subroto had said in an interview last month that the experts had already had an "exhaustive discussion" of the technical terms.

He would visit all the 20 countries before the next ordinary meeting of the OPEC on Nov 21, he stated.

Already, he has visited five OPEC countries — United Arab Emirates, Saudi Arabia, Indo-

nesia, Venezuela and Ecuador — and two non-OPEC producers — Colombia and Mexico.

He is yet to visit OPEC countries Qatar, Algeria, Gabon, Libya and Nigeria.

Other non-OPEC states to be visited are Angola, China, Egypt, Malaysia and Oman.

Visits

Subroto said a completion of the visits to these OPEC and non-OPEC countries would facilitate an identification of problems and a follow-up of the expression of the political will displayed during the OPEC/non-OPEC meeting in Vienna last April.

The secretary-general said that in his visits so far, heads of state of OPEC member countries had encouraged the organisation to continue to seek oil market stability.

In addition, non-OPEC countries' heads of state had given assurance that they appreciated contact with OPEC and wanted to see a continuation of the dialogue between OPEC and non-OPEC.

Role

Mexico, in particular, had pledged to continue to play a leading role in bringing OPEC and non-OPEC countries closer, the secretary-general added.

He said both OPEC and non-OPEC countries saw the mutual benefit in achieving the objective of an \$18 crude price.

On the positive indications for a solution to the issue of production levels for Iraq and Iran, the secretary-general noted that past difficulties had been political in nature, being due mainly to hostilities between the two OPEC countries.

Lebanese pound continues to plunge

BEIRUT, Aug. 26, (Reuters): The Lebanese pound continued its fall against the dollar on Thursday as fears that an impasse over presidential elections could spark fresh fighting.

Bank dealers said the rush to buy dollars was triggered by pessimism over prospects for a quick election to pick a successor to President Amin Gemayel, whose term ends on September 23.

"The dollar may go up to 500 pounds soon. If there is no election it will go up even more. If parliament declares when the next session to elect a new president will be, it may stabilise for a while," one bank dealer said.

Rate

At midday, the Central Bank set the rate at 397.00/399.00 pounds to the dollar, compared with Wednesday's close of 275.90/379.00.

The Central Bank offered on Thursday to sell dollars at 398.00 pounds after the pound reached a rate of 415.00 to the dollar. Bank sources said the Central Bank had sold nearly \$50 million since Monday, drawing up reserves estimated at \$1.5 billion, in an attempt to halt the slide.

The pound has been falling since last Thursday when parliament failed to obtain a quorum to elect a new president.

The pound, once one of the Middle East's strongest currencies, has lost more than 98 per cent of its international value since 1984 although it did recover somewhat earlier this year.

UK to tighten North Sea oil platform safety

LONDON, Aug. 26, (Reuters): Britain is to tighten offshore oil field safety following explosions last month on a North Sea platform which killed 167 men, the Department of Energy said today.

"Out of this disaster will come lessons which will have been learned," Peter Morrison, Minister of State for Energy, said. "The protection of lives is paramount."

A spokesman said the ministry was asking all North Sea offshore operators to present plans for emergency shut-off valves on underwater gas and oil pipelines. Further measures might be taken, Morrison said.

System

Explosions and fire destroyed the Piper Alpha platform operated by Los Angeles-based Occidental Petroleum Corp. on July 6. It was the worst offshore oil disaster on record and it took about a month to cap the wrecked platform's blazing wells.

Many industry experts believe gas escaped from a pipeline leading to shore, fuelling the blaze after the first explosion at a gas compressor unit.

The ministry thinks the proposed backup system could prevent a repeat of the Piper Alpha disaster by isolating pipelines from platforms. But the industry is split on the technology's effectiveness.

Oil prices tumble on OPEC overproduction

NEW YORK, Aug. 26, (Reuters): US crude prices tumbled on Thursday after analysts in Europe and the United States said OPEC was stepping up oil production this month.

In the spot market, West Texas Intermediate fell 35 cents a barrel to \$15.30 for oil delivered in October.

Demand

Technical selling also helped push October crude oil futures 37 cents lower to \$15.31 a barrel — the biggest single-day decline in more than three weeks.

"It was a total disaster," said Shauman Barakat, analyst at Shearson Lehman Hutton Inc. "OPEC production in August is around 19.5 million barrels per day and Iran rejected the idea of quota parity with Iraq."

The market started on a weak footing after the Wall Street Journal quoted two European consulting firms as saying that OPEC was pumping at well over 19 million BPD. The figure is far in excess of world demand for OPEC oil which, according to a recent Reuters survey, is around 18.2 million BPD.

"If inventories build much more, it could be serious," said Frank Knuettel, analyst at Prudential Bache Securities Inc.

Problems

Most of the excess OPEC production, according to Knuettel, comes from four large Gulf producers — Iraq, Saudi Arabia, Kuwait and the UAE.

But Knuettel said the excess output from these four OPEC oil producers could go away very

quickly. "OPEC is trying to work out things," he said, referring to an OPEC price monitoring committee meeting expected in late September.

OPEC can solve some of its smaller problems such as excess output by the UAE and Venezuela, and crude oil production in the neutral zone between Kuwait and Saudi Arabia, according to Charles Maxwell, senior energy strategist at Cyrus J. Lawrence Morgan Grenfell Inc. But its efforts to maintain oil prices will depend on what Iraq does, Maxwell said.

Analysts said some of OPEC's excess output may be trimmed as a result of the ceasefire talks. In an interview with the Middle East Economic Digest released on Thursday, Iran's deputy oil

minister rejected the idea of quota parity with Iraq, which has no OPEC quota.

"It comes down to, will Iraq maintain production at current levels or not?" Maxwell said.

Iraq, according to Maxwell, has about four single-point mooring systems in Bahrain that could be activated to load as much as 200,000 BPD of oil each before export terminals damaged in the war with Iran are repaired.

Iraq is also building a pipeline through Saudi Arabia with the capacity to export more than one million BPD.

"If the pipeline is opened, OPEC oil prices could drop to around \$9 to 10 a barrel next year, from about \$14 currently," Maxwell said.

White House sees \$144b budget deficit in 1989

WASHINGTON, Aug. 26, (Reuters): The White House said yesterday the US budget deficit for the coming fiscal year remained low enough to avoid severe automatic spending cuts in most federal programmes in the run-up to the November elections.

But President Reagan warned that a spending spree by Congress during September and October could still trigger across-the-board programme cuts during the government's year beginning on October 1.

The White House report on the federal budget outlook for the government's year beginning on October 1 said the deficit would be \$144 billion.

Under the balanced budget law, across-the-board cuts would be triggered if the deficit exceeded \$146 billion.

Agreement

Reagan urged Congress to abide by the terms of a November 1987 budget agreement which set spending ceilings for both defence and social programmes.

"If the Congress sticks to its word, it will not trigger automatic cuts that are damaging to the economic progress upon which the American people depend," Reagan said in a statement.

The final decision on whether such cuts will be needed is to be

made on October 15, some three weeks before the November 3 presidential elections.

Thursday's estimate of a \$144 billion shortfall between federal revenues and outlays compares to the previous estimate of \$140 billion, made on July 28.

Spending

The new estimate reflects spending decisions made by Congress and signed into law by President Reagan since then.

The White House cautioned that congressional bills that would add \$1.3 billion to 1989 spending were already on the president's desk awaiting his signature into law.

One of these was the trade bill signed into law by Reagan on Tuesday.

It said bills to come that would add any more than another \$700 million to 1989 spending would have to be offset by spending reductions ordered elsewhere in the budget.

Trend

The latest deficit report made no changes in earlier estimates of the performance of the US economy in the months ahead.

The latest deficit estimate would continue a downward trend in budgetary red ink that began in fiscal 1987. The deficit reached an all-time peak in fiscal 1986 when it surpassed \$220 billion.

of Iran, historically a bigger producer.

Yesterday, the Middle East Economic Digest quoted Iranian Deputy Oil Minister Hossein Khazempour Ardabili as saying: "By no can there be parity between Iranian and Iraqi output."

Towards the European close, North Sea Brent held, the most widely-traded international crude, was 25 cents lower at \$14.80, while key US grade, West Texas Intermediate, slipped 25 cents to \$15.30 a barrel. Leading Mid-east grade Dubai was down 20 cents at \$12.95 a barrel.

Latest spot oil prices — FOB, dollars per barrel.

Aug 26 Aug 26	
Brent (Prompt)	14.55 14.80
WTI (Cushing, Oct.)	15.30 15.55
Dubai (Oct.)	12.95 13.15

US personal income up as spending surge slows

WASHINGTON, Aug. 26, (AP): Americans' personal incomes climbed a healthy 0.6 per cent in July while consumer spending slowed from its breakneck pace of the previous month, the government reported today.

The Commerce Department said the increase in incomes matched a 0.6 per cent rise in June and would have been even stronger except for a drop in government subsidy payments to farmers.

Slower

Personal consumption spending, which includes virtually everything except interest payments on debt, rose 0.5 per cent in July, less than half the 1.1 per cent in June. The report attributed much of the slowdown to a decline in sales of new cars.

The slower consumer spending was seen as good news for the economy because of worries that demand this year has been out-

stripping the ability of factories to produce the goods, thus creating rising inflationary pressures. The income gain looked particularly impressive because the key component, wages and salaries, shot up 1 per cent during the month, reflecting continued strong employment gains.

This was offset somewhat by a \$9-billion rate of decline for farm subsidy payments. Excluding these payments, which show extreme month-to-month volatility, personal incomes would have risen 0.8 per cent in July.

Americans' disposal, or after-tax incomes, rose 0.6 per cent in July, down only slightly from a 0.7 per cent June increase.

With incomes rising slightly faster than spending, the personal savings rate, savings as a percentage of disposal incomes, edged up to 4.3 per cent in July, compared to 4.2 per cent in June.

KD deposits rates steady

KUWAITI dinar deposit rates were steady in a lacklustre market on Thursday, with reports of foreign banks seeking Treasury bills to get around an interest ceiling.

Dealers said they had seen little business in deposits, a situation typical for the day before the Gulf Friday weekend.

They said the market was still liquid with monthly salary payments that began entering the market on Saturday.

Overnight dealt at 1/2 pct after being offered at one on Wednesday with no takers. Tomorrow next was also offered at one.

Dealers said foreign banks had

been buying Treasury bills as a way of getting around an interest ceiling on deposits.

Banks outside Kuwait are limited to interest rates of 5-1/4 on one and two months and 5-1/2 on three months, the dealers said, but by buying Treasury bills can receive yields closer to inter-bank rates.

Deposit rates were steady in the long periods, with one-month quoted at 6-1/4, six, three months at 6-3/8, 1/8 and six months at 6-7/16, 3/16.

The Central Bank adjusted the dinar-to-dollar exchange rate to 0.28512/22 from 0.28492/502 on Wednesday.

Plan to build power plant

ANKARA, Aug. 26, (Reuters): Turkey and Iran have agreed to build a power plant in eastern Turkey and share its output.

Minister of Energy and Natural Resources Fahrettin Kurt said on Thursday.

Kurt told reporters after a meeting with Iranian Oil Minister Gholamreza Azadeh that the power plant would run on Iranian natural gas to be carried by pipeline.

Terms of financing, location, capacity and output share would be discussed later by joint com-

mittees, Kurt said.

Power lines linking Turkey and Iran would be laid before work began on the plant itself, he said.

Azadeh said the project would be a turning point in economic and trade relations between Turkey and Iran.

Iran and Turkey have plans to build a crude oil pipeline from Ahvaz in southern Iran to Doryol on Turkey's Mediterranean coast and are discussing co-operation in petrochemicals.

US steps up oil imports from Iraq

NEW YORK, Aug. 26, (KUNA): The United States is stepping up its oil imports from Iraq, according to figures published yesterday by Petroleum Intelligence Weekly (PIW), an industry publication.

The weekly said imports from the Middle East averaged 1.7 million barrels a day since early July, up from 1.07 million barrels in early April, with most of the increase coming from Iraq.

The increased supplies from the Middle East reflect heightened competition among Saudi Arabia, Kuwait and Iraq for sales in the US, the weekly said.

Importance

Other analysts noted Iraq's growing importance in international oil trading because of its huge reserves and the week-old ceasefire with Iran after eight years of war.

The United States imports one-third of its oil needs from the

Middle East, representing 10 per cent of total US demand.

US imports of Saudi crude have held steady at 800,000 to 900,000 barrels a day so far this year, while US refiners are expected to buy 300,000 barrels Kuwaiti crude a day, PIW said.

Exports

Iraq's exports to the US now average 500,000 barrels a day, up from 125,000 barrels a day in January.

The war with Iran put a cap on Iraqi production, but after last Saturday's ceasefire the Iraqis are planning to exploit their proven reserves, estimated at 100 billion barrels.

This makes Iraq the world's second-largest oil nation behind Saudi Arabia, which has proven reserves of 169.5 billion barrels, including 5.2 billion barrels of reserve in the neutral zone, divided equally between Saudi

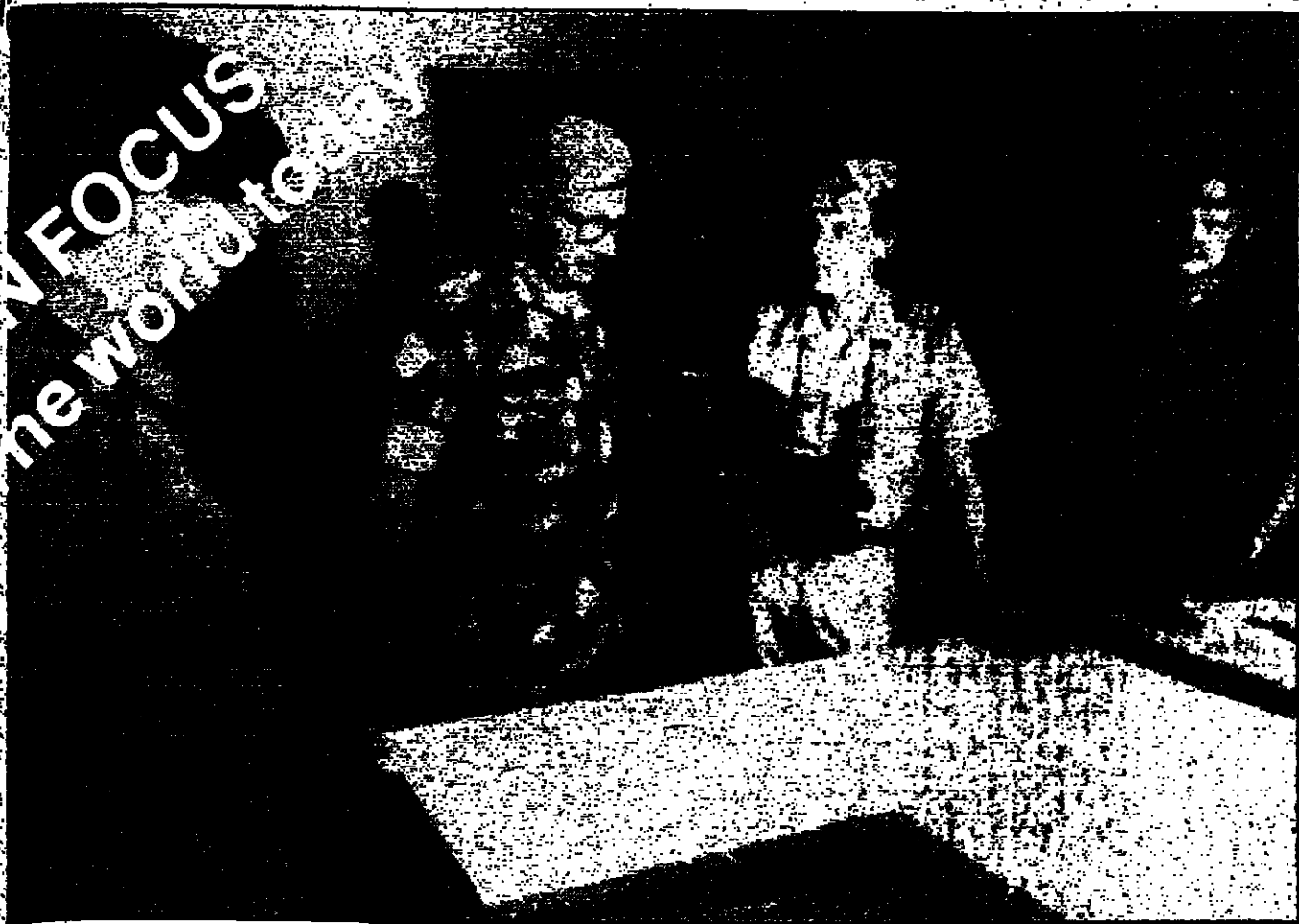
Arabia and Kuwait.

The financial burdens that the war has left Iraq could give the country more incentive than ever to step up its exports, which currently bring in \$1 billion a month.

Debt

Iraq has piled up \$65 billion in debt, half of which is owed to Saudi Arabia and other Arab countries. In addition, damage to Iraq's oil facilities amount to an estimated \$8 billion.

Currently, Iraq is producing up to 2.8 million barrels a day, according to OPEC. Oil Minister Al Chalabi puts the country's



Brigadier-General Venky Patil (third from right), commander of the United Nations military observer group in Iraq, is briefed by his staff.



ARMED soldiers stand guard at the grave of late Pakistan President Mohammad Zia-ul-Haq. Since his burial, hundreds of people have gathered every day at the grave to pray. (Reuter wirephoto)



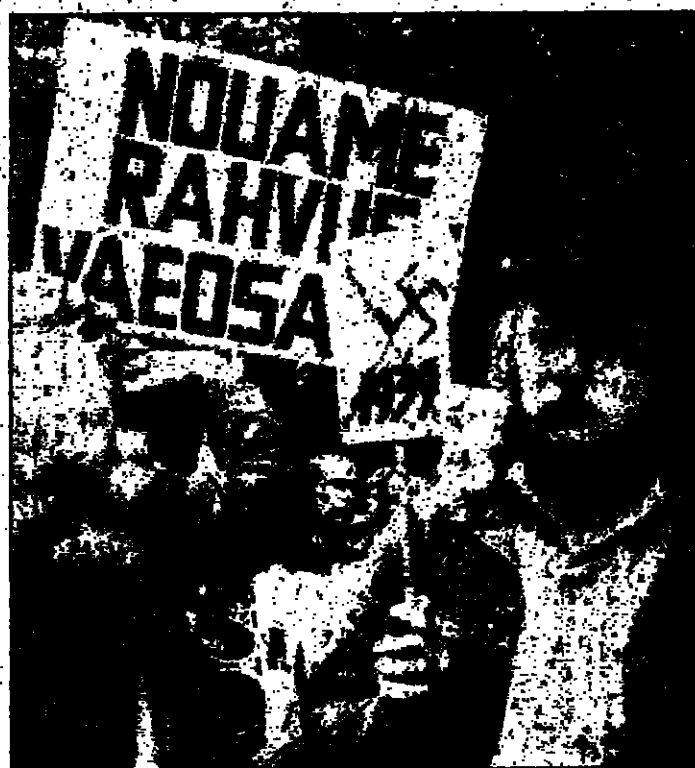
POLICE charge a youth in central Bilbao after Basque separatists tried to remove Basque flag from the City Hall during the city's annual festival. (Reuter wirephoto)



DEMOCRATIC presidential candidates Michael Dukakis is joined by Pennsylvania Governor Robert Casey during a rally in Pittsburgh's Market Square. (Reuter wirephoto)



SENIOR Chinese leader Deng Xiaoping (right) greets Japanese Prime Minister Noboru Takeshita at the beginning of their talks in the Great Hall of the People. (Reuter wirephoto)



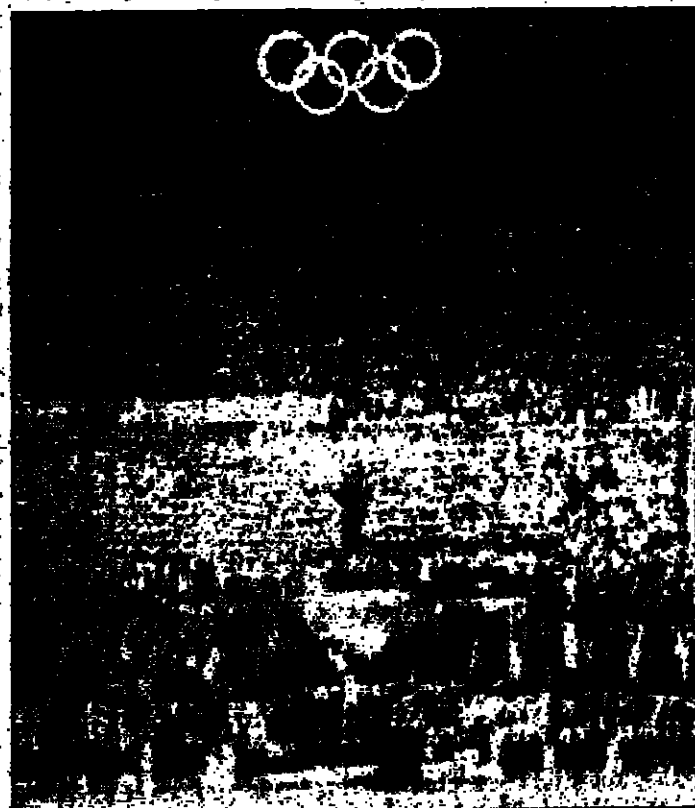
AN ESTONIAN youth carries a poster referring to the 1939 Molotov-Ribbentrop Pact during a pro-independence rally in Tallinn. The pact assigned the Baltic states to the Soviet sphere of influence. The poster asks for the creation of local Army units. (Reuter wirephoto)



YOUNG Burmese march on a downtown Rangoon street bearing a protest sign — Democracy. (Reuter wirephoto)



stand by as a huge fire rages at a stylish shopping district in downtown Seoul. One person was killed and an entire street of department stores was gutted. (Rephoto)



The last Greek relay runner lights the cauldron as boys hold the flags of the 161 countries participating in the Seoul Games, in packed Panathlionic Stadium, restored for the first Olympics in 1986, at the ceremony of the handing over of the Olympic flame to the Seoul Olympic Committee. (Reuter wirephoto)



BURUNDIAN refugees arrive in Rwanda after the Army killed thousands of tribals. (Reuter wirephoto)

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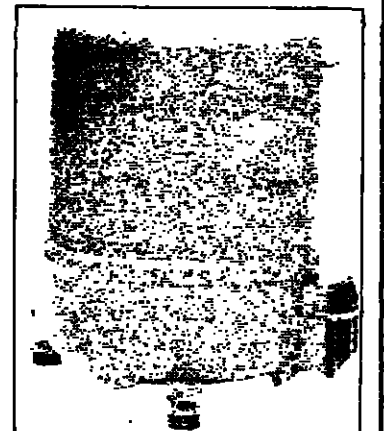
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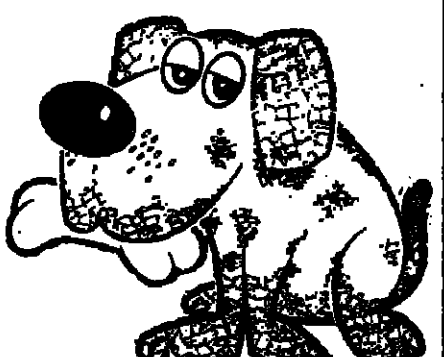
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فوج سیاست میں آگئی، نرل اسمبلی کا اعلان

پاکستان کی فوج نے سیاست میں آگئی ہے، نرل اسمبلی کا اعلان کیا ہے۔

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W.GERMAN STAR FULLY FIT AFTER TWO-WEEK REST

Becker crushes Arias on return



Becker: proved his fitness

JERICHO, N.Y., Aug. 26, (Reuters): Boris Becker pronounced himself fully fit after a two-week rest for his battered feet and thrashed Jimmy Arias to prove his point in a first-round match at the \$190,000 Hamlet Challenge Cup yesterday.

Becker, who pulled out of the Canadian Open after winning in Indianapolis earlier this month, took just 66 minutes to beat the unseeded American 6-4 6-2.

Injured

The West German, ranked fifth in the world, claimed there had been too much talk about his injured feet.

"If I wasn't 100 per cent I wouldn't be here," he said.

Becker had only one shaky service game against Arias, who dropped in rankings to 139th since being sidelined with a shoulder injury.

But Becker erased a 15-40 deficit in the fourth game of the match and then romped to victory to join second-seeded American Andre Agassi, fourth-seeded Yannick Noah of France

and unseeded Jim Courier as other first-round winners yesterday.

The 18-year-old Courier, a former Orange Bowl and junior Italian Open champion, knocked off sixth-seeded Henri Leconte of France 7-6 (8-6) 6-3 to advance.

Agassi, fourth in the world, overcame early service problems to beat compatriot David Pate 6-7 (5-7) 6-4 6-4.

Noah, ahead 2-1 in the third set when rain halted his match on Wednesday, finished off Slobodan Zivojinovic of Yugoslavia 6-3 6-7 (2-7) 6-3.

Becker returned home to West Germany to have his sore feet examined and said the time off was just what he needed.

"I not only saw the doctor but I had a good rest for two weeks," he said. "When I got here on Saturday I was fresh and ready to play again."

Those two weeks were good for me," Becker broke Arias' service in the opening game and except for

the fourth game when he had to rally on service, was never threatened.

Arias gave the two-time Wimbledon champion good marks but not a perfect rating.

"He volleyed well and got to the net well, but from the baseline he could have been a little better," Arias said.

Becker acknowledged that he had misfired on some groundstrokes, but said: "For a first match after being away I thought I played well."

Saved

Defending champion Jonas B. Svensson, the seventh seed, saved a match point before winning the last three points of the third-set tiebreaker for a 6-2 1-6 7-6 (8-6) victory over his fellow-Swede Mikael Pernfors in the final match of the day.

In the quarterfinals, Becker plays Israeli Amos Mansdorf, top seed Ivan Lendl of Czechoslovakia faces Swede Anders Jarryd, Svensson meets the second-seeded Agassi, and Courier plays Noah.



Graf: annoyed by her teammate

Graf blasts Hanika for semifinal spot

MAHWAH, N.J., Aug. 26, (Reuters): Steffi Graf defeated her Olympic tennis teammate Sylvia Hanika at the Mahwah Classic yesterday and afterwards lashed out against tactics employed by her West German compatriot.

Graf, who crushed Hanika 6-2 6-1 to reach the semifinals, was pleased by the score but not with the actions of her opponent, who continually delayed play between the points to wipe her face and clean her glasses during the humid evening.

Wiping

"I have fun playing tennis but you don't enjoy playing when your opponent takes so much time wiping off her glasses and walking around," said the world's number one player. "She was doing it on purpose."

Despite losing just three games, it took Graf over two hours to reach her 26th consecutive match victory. The 19-year-old said Hanika's persistent delays "destroy tennis."

Hanika took offence at Graf's criticism.

"I think that that comment is stupid," said Hanika. "It's not

what you do between the points, it's how you play when the point begins."

Hanika argued that she was within the rules that require play to start 30 seconds after the completion of each point.

"Everyone has the right to play the way she wants as long as it doesn't break the rules," said the 28-year-old Hanika.

Graf next meets the winner of a quarterfinal this evening between third seed Helena Sukova of Czechoslovakia and American Stephanie Rehe, the eighth seed.

Against

In the other quarters, fifth seed Katerina Maleeva of Bulgaria will play unseeded Catarina Lindqvist of Sweden and fourth seed Natalia Zvereva of the Soviet Union will go against Nathalie Tauziat of France, another non-seed.

Maleeva and Tauziat both advanced with one-hour victories yesterday. Maleeva beat Argentine Bettina Fulco 6-0 6-2, while Tauziat defeated qualifier Julie Halard in an all-French match, 6-4 6-1.

Gardner needs victory to keep title hopes alive

BRNO, Czechoslovakia, Aug. 26, (Reuters): Australian Wayne Gardner will start Sunday's Czechoslovak Motorcycling Grand Prix knowing nothing short of victory can preserve his hopes of keeping his world 500cc title from arch-rival Eddie Lawson.

Gardner has turned in a series of gritty rides this season despite big handling problems with his Honda, and a repeat of his victory last year on the modern Brno track would just keep him in touch with Lawson's Yamaha.

But the odds are stacked against him. Lawson, who is equally determined to regain the 500cc title he lost to Gardner last year, can take an unbeatable championship lead if he wins on Sunday and the Australian fails to score.

Already Lawson has won six races this season to Gardner's three. And crucially he has lived up to his nickname of 'Steady Eddie', by backing up his wins with other, strong, placings to ensure he is never out of contention.

Chances

A finish in the points behind Lawson would, theoretically, keep Gardner's title chances alive for the remaining two races. But he would be so far adrift as to have virtually no chance in reality. Gardner's form has been patchy with recent outings marked by a series of high-speed practice and race tumbles.

Sunday's race on the Brno circuit, which swoops in a series of medium-speed corners through a pine forest, is the last in Europe this year. If Lawson and Gardner should faller, American Wayne Rainey on a Yamaha is among the favourites. Following his maiden Grand Prix win at the British round earlier this month.

In the 250cc event Spaniard Sito Pons will defend his championship lead from compatriot Juan Garriga. But reigning world champion Toni Mang will be missing. The West German, who won at Brno last year, announced his immediate retirement last week after a miserable season capped by a serious fall from his Honda at the Yugoslav Grand Prix.

On Sunday 125cc bikes and the sidecars will also race while tomorrow the 80cc riders will have their last outing of the year. Spaniard Jorge Martinez has already won the title on his Derbi.

FIFA to decide on Iraq and Iran ban in December

ZURICH, Aug. 26, (KUNA): A decision on whether to lift a ban on international football matches being played in Iran and Iraq will be made by the sport's governing body on December 1. Guido Tognoni, spokesman for the International Federation of Football Associations, FIFA, told KUNA that an executive committee session would decide on what action would be taken.

"We have to see whether the ceasefire is holding and what happens between now and then," he commented.

Recently

He noted that a request to lift the ban on matches in Iraq had been received recently from the president of the Kuwait Football Association, Sheikh Fahd Al Ahmed.

FIFA regulations do not allow international soccer matches to be played in countries at war, and nations in conflict are obliged to play all home matches in a third nation.

"If the executive committee lifts the ban, then this would apply to both Iran and Iraq," he stressed.

Graf and Swedes seek US Open win

NEW YORK, Aug. 26, (Reuters): A slam-bang time may be in the offing as Steffi Graf and a slew of Swedes seek victory in the last of the tennis year's major championships — the rich and raucous US Open.

Graf could wind up with the elusive Grand Slam, while the Swedes could collectively have the men's equivalent when all is done at the Open, which starts on Monday in the brash atmosphere of the National Tennis Centre in Flushing Meadows.

Noisy crowds, low-flying jet planes, hustle and bustle and a general lack of genteel etiquette set this spectacle apart from the Australian, French and Wimbledon Tests that precede.

Strong

But a contagious energy also marks the scene and the pace of New York City, whose skyline looms over the brim of Louis Armstrong stadium above centre court, is as strong here.

Distractions aside, the pace should suit the women's favourite at the Open, which offers more than \$4 million in prize money.

Graf, the precocious West German, seems always in a hurry. Quick to fire a forehand

down the line, lightning fast to find the angle to end a point, she is now eager to snatch the last jewel of the Grand Slam crown while still in her teens.

Victory on these hard courts, and over the pledges of a "Stop Steffi" campaign by deposed queen Martina Navratilova, Chris Evert and Gabriela Sabatini, would put Graf's name alongside American Maureen Connolly (1953) and Australian Margaret Court (1970) as the only women to achieve the feat.

While Graf, loser of just one set during a 26-match winning streak leading up to the Open, is the solid women's choice, the men's title seems up for grabs.

Ivan Lendl is again top seed in his local tournament in his adopted country. The Czechoslovak, who lives luxuriously in nearby Greenwich, Connecticut, is gunning for his fourth straight Open title — unprecedented in the men's open era.

But Lendl has been off form this year.

He has failed to reach the finals of any Grand Slam event, losing in the semifinals on the Australian hardcourts and on Wimbledon grass, and falling in the

French Open quarterfinals on the red clay of Roland Garros.

Lendl, who is closing in on Jimmy Connors' record reign as world number one, has been hearing the footsteps of Swedes Mats Wilander and Stefan Edberg.

Wilander, world number two, won the first two majors, and Edberg, now ranked third, followed by winning Wimbledon.

While Graf's accomplishment would certainly be more significant, the Swedish slam would also be a first. The great Bjorn Borg, after all, never won the US Open crown.

Joining Wilander and Edberg in patriotic pursuit will be 13th seed Jonas Svensson, 15th seed Anders Jarryd, Joakim Nystrom, Peter Lundgren and Mikael Pernfors among others.

Battered

Also high on the list of contenders is Boris Becker of West Germany, the fifth seed, who says he is fit after a two-week rest for his battered feet but who is still smarting from his loss in the Wimbledon final to Edberg.

Old favourites Jimmy Connors and John McEnroe, who possess nine Open titles between

them, are back for another try but the American most likely to succeed in capturing the hearts of the local rooters, is blond-haired teenager Andre Agassi.

The charismatic Agassi, 18, burst onto the scene by winning six tournaments this year — the most on the Grand Prix circuit — and has rocketed from 25th to fourth in the world.

If hardcourt records are any indication, then Wilander may be a good bet. The 24-year-old Swede has lost only one of 22 matches on the surface this year. Becker is next best with a 11-1 record, while Lendl is 11-2.

Missing from the draw is world number seven Pat Cash, sidelined by an Achilles tendon injury. McEnroe was elevated to 16th seed after the Australian's withdrawal.

If form holds true, the semifinals will match Lendl and Agassi, with Wilander against Edberg in the other.

On the women's side, the semifinals should have Graf against Evert, and Navratilova versus Sabatini, who has handed Graf her only two defeats in 54 matches this year.

Singles champions will earn \$275,000 for their efforts.

France struggle to continue unbeaten run

PARIS, Aug. 26, (Reuters): A disappointing French side struggled to continue their unbeaten run in 1988 when they drew 1-1 with Czechoslovakia in a friendly international on Wednesday.

Young striker Stephane Paille gave France the lead in the 52nd minute but Jan Dalsiek grabbed a deserved equaliser for the visitors 10 minutes from time.

Suggested

France reached the last four of the past two World Cup finals but the evidence of this match suggested they will do well to qualify for the next finals in Italy in 1990.

Trainer Henri Michel opted for youth and inexperience in their solitary warm-up match before the first qualifier against Norway in Paris on September 28.

But there was little in his team's performance to offer him any better idea than to push the panic button.

Senna fastest in Belgian practice

SPA-FRANCORCHAMPS, Belgium, Aug. 26, (AP): Ayrton Senna of Brazil captured the provisional pole position for the Belgian Grand Prix by posting the fastest time in today's qualifying session.

Senna toured the 6,940-kilometre circuit through the East Belgian countryside in 1 minute, 53.718 seconds, averaging almost 219.701 kph.

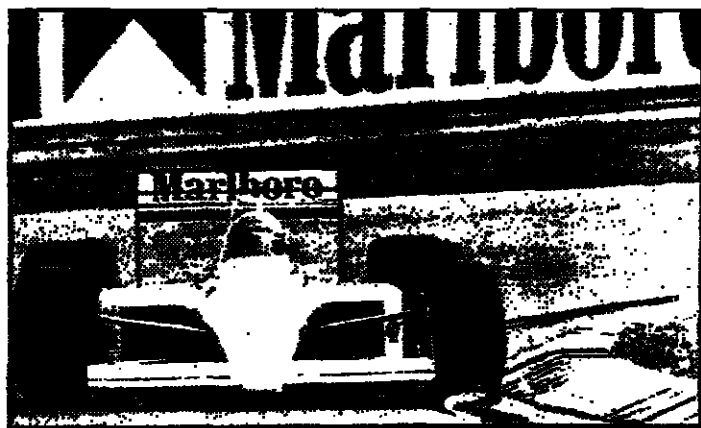
Senna's McLaren-Honda team-mate Alain Prost of France was second behind Senna with a lap of 1:54.128. The Ferraris of Gerhard Berger of Austria and Michele Alboreto of Italy were next in at 1:54.582 and 1:55.665.

Holds

The top four cars are equipped with turbo-charged engines.

If Senna holds onto the top qualifying spot after tomorrow's second session, it will be the ninth time this season he will start from the inside position.

Senna and Prost are tied in the drivers' standings after 10 races this season with 66 points apiece, although Senna has won six



Senna takes provisional pole position.

(Photo by Colin Taylor Productions)

Belgium's Thierry Boutsen, 1:57.455, in a Benetton-Ford.

Patrese's team-mate, Nigel Mansell of Britain, is missing the Belgian Grand Prix because of a secondary infection of the chicken pox he suffered two weeks ago at the Hungarian GP.

His place is being taken by another Briton, Martin Brundle, who came in 12th in 1:58.206.

United can threaten Liverpool: Charlton manager

LONDON, Aug. 26, (Reuters): Charlton manager Lennie Lawrence is under no illusions that his team can threaten English soccer champions Liverpool when the new season begins tomorrow, but he believes Manchester United could.

As his squad prepare for their daunting opening day fixture against Liverpool, Lawrence put aside Charlton's injury and financial worries to assess the battle for the League title.

"I think United will mount a serious challenge," said Lawrence, whose view is partly based on his high regard for Old Trafford manager Alex Ferguson. "I don't think they could have appointed anybody better to put them back at the top."

Buys

"Fergie knows what it's like to be a winner. He did it all with Aberdeen and he has made some good buys at United."

"They now have two outstanding strikers in Mark Hughes and Brian McClair. Jim Leighton is one of the best goalkeepers in Britain, and they still have Bryan Robson."

With Ian Rush back, Lawrence believes Liverpool will be "as good and possibly better," than last season. But he added: "I think it's feasible United, Everton, Arsenal or maybe Nottin-

gham Forest could win it.

That opinion will clearly cut no ice with Kenny Dalglish as he ponders whether to reintroduce himself to the First Division. But for Lawrence there is the more pressing problem of trying to fill gaps caused by injuries. Welsh international striker Andy Jones is ruled out by a stomach muscle injury and Garth Crooks is doubtful with a knee problem.

Manchester United have injury problems for their opening fixture at Queen's Park Rangers and left-back Lee Martin, 20, will make his first full appearance.

Martin plays because of injuries to Norman Whiteside, Mike Duxbury, Viv Anderson and Colin Gibson, while Rangers are expected to include new signings Ossie Ardiles and Mark Stein in their squad.

Revamped Tottenham have been struggling defensively and Coventry hope to cash in with a five-man front line at White Hart Lane. Cyrille Regis, Dave Speedie and Gary Bannister lead the attack flanked by David Smith and Micky Gynn.

"I'm using two wingers," said manager John Silleit. "In my playing days as a fullback I used to hate wingers who ran the ball at me, so I thought I would try to make it uncomfortable for



Robson

spurs." Paul Stewart, the striker they signed from Manchester City for £1.7 million (\$2.8 million). Luton manager Ray Harford, who has tipped Steve Williams to



McClair

become one of the most influential players in the First Division this season, will be looking for great things from his summer signing at Sheffield Wednesday. The former England midfielder cost Luton £300,000

SQUASH

Harris stuns Nancarrow for semifinals

AUCKLAND, Aug. 26, (Reuters): England's Del Harris provided the main talking point at the New Zealand Open squash tournament today when he reached the semifinals with an impressive win over number eight seed Tristan Nancarrow of Australia.

Harris, 19, who had never been past the quarterfinal stage of a Grand Prix tournament, continued where he left off in the second round when he had toppled fourth seed and defending champion Rodney Martin of Australia in straight games.

Nancarrow won their previous encounter with ease but on this occasion was no match for Harris, who won 4-9 6-9 0-11 36 minutes.

The Englishman will now meet second-seeded Chris Dittmar of Australia, who was detained on court rather longer than expected by dogged countryman Chris Robertson before winning 9-4 10-8 10-8.

Opponent

Top-seed Jansher Khan of Pakistan made a number of errors but overcame Jamie Hickox of England 9-7 9-5 9-7. His semifinal opponent will be three times champion Ross Norman of New Zealand, who beat number six seed Ross Thorne of Australia 6-9 9-3 9-3 9-6.

The leading women's seeds, Susan Devoy of New Zealand and England's Lisa Opie, remained on course for Sunday's final by cruising through their quarterfinals.

The one upset in the women's event was provided by New Zealander Joanne Williams, who ousted third-seeded Australian Liz Irving 9-2 0-9 9-5-9-6.

Williams will now meet Opie while Devoy tackles England's Martine le Moignan in tomorrow's semifinals.

Green drops charges against Tyson

NEW YORK, Aug. 26, (Reuters): Mitch 'Blood' Green dropped assault charges yesterday against world heavyweight champion Mike Tyson stemming from their Harlem street fight early on Tuesday morning.

Green, who received five stitches over his nose after his run-in with Tyson outside an all-night boutique, said he was dropping charges because Tyson had agreed to give him a rematch.

Suffered

No one in the Tyson camp would confirm an agreement had been made. Neither Tyson, who suffered a hairline fracture of his right hand in the skirmish, nor his manager, Bill Cayton, were available for comment.

Green, who lost a 10-round decision against Tyson two years ago at Madison Square Garden, told reporters outside Harlem's 25th police precinct: "As of now I'm dropping charges because he's guaranteed a title fight." Green added that all he had to do was get himself ranked in the top 10 again to ensure his title shot.

Foreman stops Mijangoes

FORT MYERS, Florida, Aug. 26, (AP): Former heavyweight champion George Foreman stopped Ladis Lao Mijangoes of Mexico in the second round before about 2,500 spectators at the Fort Myers Civic Centre last night.

The fight was stopped at 2:42 of the second round after Mijangoes, 27, was knocked down by a punch to the jaw.

The 40-year-old Foreman, 56-2, has won 11 consecutive fights since making a comeback to the ring last year.

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SPORTS

ENGLAND TAKE CONTROL OF TEST

Russell and Gooch slam Sri Lanka

LONDON, Aug. 26, (Reuters): Wicketkeeper Jack Russell, whose selection for England was long delayed because of doubts about his batting ability, failed by only six runs to score a century on his Test debut against Sri Lanka at Lord's today.

Sent in yesterday as a night-watchman, Russell shared in a partnership of 131 with captain Graham Gooch and his 94 enabled England to reach 278 for three in their first innings, a lead of 84, before bad light stopped play 45 minutes early.

Unbeaten

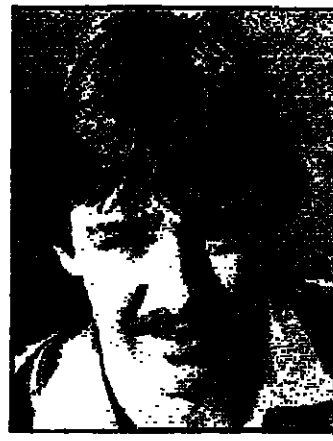
Kim Barnett, another newcomer to the Test scene, was unbeaten on 55 and Allan Lamb 20 not out.

Russell, who was dropped by wicketkeeper Amal Silva when he had made 10, finally fell shortly after tea, miscuing a tired drive into the hands of Athula Samarasekera in the covers. "But by then he had hammered 11 boundaries and set England well on the way towards a big lead."

Despite still failing to become the 14th English player to make a century on his Test debut, Russell hit a personal career best and looks certain to have clinched his place in the England squad to



Gooch: scored 75



Russell: hit 94

tour India later this year.

The second day's play began with England on 47 for one in reply to Sri Lanka's 194, and Gooch and Russell patiently set about laying the foundation for a big score.

Gooch was particularly subdued, scoring only seven in the first hour, and the pair added 72 in the morning session. But they began to accelerate after lunch and looked confident against a Sri Lanka bowling attack that lacked menace.

However, when Gooch had

reached 75, scored from 193 balls and containing eight boundaries, he played down the wrong line to Ravi Ratnayake and was given out leg before.

Barnett, one of England's four new caps, was off the mark with a three from his first ball and after an initial sign of nerves settled down to play some powerful shots.

After Russell departed to a generous ovation from the 9,000 spectators, Lamb clearly showed his intentions by pulling Ratnayake for a four and a six.

With three days remaining, the Sri Lankans face a huge task to avoid defeat in only their second Test in England. The first one four years ago was drawn.

Yesterday touring team recovered from losing their first six wickets for 63 to seamers Neil Foster and debutant Phil Newport to reach 194 all out.

Only a last-wicket partnership of 64 between Ravi Ratnayake and Graeme Labrooy, a record for Sri Lanka in their 26 Tests, and a hard-hitting 59-run stand for the seventh wicket between Ratnayake and Dulip Mendis saved some face for the tourists.

The Sri Lankans, who made 491 for seven in their first innings on their only previous Test appearance at Lord's four years ago, paid a heavy price for some rash shots as Foster and Newport made full use of the moisture in the pitch.

Only opener Brendon Kuruppu offered any lasting resistance in the morning session, hitting six fours in his 46 — scored out of a total of 52 — before becoming Newport's first Test victim.

Scoreboard

SRI LANKA first innings
B. Kuruppu c Gooch b Newport 46

A. Silva c Russell b Foster 1
A. Samarasekera c Russell b Foster 0
A. De Silva c Gooch b Newport 3
R. Madugalle lbw b Foster 3
A. Ranatunga lbw b Newport 5
D. Mendis c Smith b Lawrence 21
R. Ratnayake not out 59
R. Madurasinghe ran out 4
C. Ramnanyake lbw b Pringle 0
G. Labrooy lbw b Pringle 42
Extras (b-1 lb-7 nb-2) 10
Total 194

Fall of wickets: 1-7 2-44 3-52 4-53 5-61 6-63 7-122 8-127 9-130

Bowling: Foster 21-5-51-3, Lawrence 15-4-37-1, Newport 21-4-77-3, Pringle 6.5-1-17-2, Embury 2-1-4-0

ENGLAND first innings (overnight 47 for one)

G. Gooch lbw Ratnayake 75
T. Robinson c Samarasekera b Ratnayake 19
J. Russell c Samarasekera b Labrooy 94
K. Barnett not out 55
A. Lamb not out 20
Extras (b-1 nb-14) 15
Total (for three wickets) 278

Fall of wickets: 1-40 2-171 3-233 To bats: R. Smith, D. Pringle, P. Newport, J. Embury, N. Foster, D. Lawrence

Bowling to date: Ratnayake 29-3-90-4, Labrooy 24-4-80-1, Ramnanyake 21-3-51-4, Madurasinghe 16-4-41-0, Samarasekera 7-3-15-0



Prince Abdullah (right) son of Jordan's King Hussein, shakes hands with Ari Vatanen before the start of the rally. Prince Abdullah is following the rally. (Reuters wirephoto)

Kankkunen takes early lead

JYVASKYLA, Finland, Aug. 26, (Reuters): Finland's Juha Kankkunen, driving a Toyota Celica 2000, led after nine special stages on the first day of the 1,000 Lakes Motor Rally today.

Kankkunen, who finished second in 1986, led compatriot and pre-race favourite Markku Alen by four seconds after seven stages and had extended the margin to 15 seconds after a further two.

Lancia driver and defending champion Alen, who has won the rally five times, was followed by Sweden's Mikael Ericsson, also in a Lancia. Finland's Hannu Mikkola, fifth in his Mazda after seven stages, had risen to fourth by the end of the ninth.

The three-day rally covers 1,446 kms through Lakeland forests in central Finland, with

much of the route on gravel roads. A rally spokesman said road conditions were good.

The drivers were due to cover 12 of the 39 stages before stopping for the night. They will set off again early tomorrow for a punishing day of 18 special stages.

Many of the world's leading drivers are taking part, including Lancia driver Alessandro Fiorio of Italy who is second in the drivers' table, but championship leader Massimo Biasion of Italy has not entered.

After eight rounds of the Manufacturers' Championships, Lancia have 184 points, 125 more than their nearest rivals Audi.

The last winner from outside Finland and the only non-Finnish winner since 1959 was

Sweden's Stig Blomqvist in 1971.

Standings

Standings after seven stages of the 39-stage 1,000 Lakes Rally: 1. Juha Kankkunen (Finland) Toyota Celica 2000, 36 minutes 40 seconds; 2. Markku Alen (Finland) Lancia Delta Integrale, four seconds behind; 3. Mikael Ericsson (Sweden) Lancia Delta Integrale, 49 seconds; 4. Mikael Sundstrom (Finland) Mazda 323 4WD, 58 seconds; 5. Hannu Mikkola (Finland) Mazda 323 4WD, 1:01; 6. Sebastian Lindholm (Finland) Lancia Delta Integrale 1:32; 7. Timo Salonen (Finland) Mazda 323 4WD 1:34; 8. Kenneth Ericsson (Sweden) Toyota Celica 2000, 1:40; 9. Ari Vatanen (Finland) BMW M3, 1:58; 10. Didier Auriol (France) Ford Sierra RS Cosworth 2:02.

SPORTS BRIEFS

Grandmaster defects

LONDON, Aug. 26, (Reuters): Top Romanian chess grandmaster Mihai Suba said today he was defecting to the West with his teenage son because life in Romania had become too difficult. Suba, in London for the Lloyds Bank Masters tournament, said he had applied for British political asylum for himself and his 14-year-old son Christian.

Zola Budd

BLOEMFONTEIN, South Africa, Aug. 26, (Reuters): South African-born runner Zola Budd, who quit international athletics under pressure from anti-apartheid activists, has announced her engagement to a liquor store owner, Mike Pieterse.

New engine

SPA-FRANCORCHAMPS, Belgium, Aug. 26, (Reuters): Honda will be supplying a normally-aspirated 3.5-litre V-10 engine to their Formula One motor racing team clients next season, the company officially confirmed here today.

Krishnan wins

RYE BROOK, N.Y., Aug. 26, (Reuters): Second-seeded Ramesh Krishnan ended Tommy Ho's brief taste of Grand Prix success by defeating the 15-year-old American 6-2-1 at the Rye Brook men's tennis tournament yesterday.

McCallister leads

AKRON, Ohio, Aug. 26, (Reuters): Blaine McCallister took advantage of a fast start to take the first-round lead at the \$900,000 World Series of Golf yesterday.

QPR players

LONDON, Aug. 26, (Reuters): Former Argentine World Cup midfielder Ossie Ardiles and Luton striker Mark Stein have signed for Queen's Park Rangers, the First Division club said yesterday.

American swimmer

MOSCOW, Aug. 26, (AP): Hundreds of Siberians cheered today as American Lynne Cox swam about 18 kilometres (11.25 miles) across frigid Lake Baikal in a symbolic act to promote US-Soviet friendship.

Sport Aid

LONDON, Aug. 26, (AP): Pope Paul II will address runners from 126 countries competing next month in the Race Against Time when he takes part in a global television and radio broadcast by satellite organised by Sport Aid '88, organisers in Britain said yesterday.

World champion

PEKING, Aug. 26, (Reuters): World table tennis champion He Zhihui, dropped from China's women's Olympic team amid a national furor over match-rigging, has threatened to quit the sport unless allowed to compete in Seoul.

FIDE chief

LUCERNE, Switzerland, Aug. 26, (AP): The president of the World Chess Federation, FIDE, has demanded a formal apology from world champion Garry Kasparov for "insults and threats," the federation revealed today.

Surrey accept sponsorship deal

Dilley revives Worcestershire's challenge

LONDON, Aug. 26, (Reuters): England fast bowler Graham Dilley marked his return from injury by taking four Warwickshire wickets for 53 runs in 24 overs as Worcestershire revived their County Championship challenge yesterday.

Worcestershire, second in the standings, dismissed Warwickshire for 198 on an awkward pitch on the first day of their four-day match at Worcester.

Discomfort

A knee injury kept Dilley off Test duty and out of the championship for five weeks. But he showed no signs of discomfort as he took three victims for 11 runs in six overs after lunch.

But Dilley's England teammate Gladstone Small and Allan Donald made short work of the Worcestershire openers and the home side were uneasily placed on 40 for three at the close.

Championship leaders Kent made a strong start against Sussex at Maidstone. They closed on 87 for one having taken maximum bowling points by dismissing the visitors for 184.

Mark Benson, on 23 not out, and South African all-rounder Roy Pienaar (47 not out) added 66 off 20 overs in their unbroken second wicket stand.

Kent had put Sussex in to bat but only Alan Wells with 39 and Tony Pigott, with an unbeaten 47, offered any resistance. Yorkshire's Ashley Metcalfe scored his second century in successive championship matches, reaching an unbeaten 109 against fifth-placed Middlesex at Headingley before bad light ended play early.

Metcalfe took five-and-a-half hours and 294 balls for his century as Yorkshire reached 215 for two at the close of the first day.

Meanwhile, Surrey members voted on Wednesday to accept a sponsorship deal worth £2 million (\$3.4 million) to help save the Oval, English Test cricket's oldest ground.

As a result of the deal the Oval, home of the Surrey club, will be called the Foster's Oval for the next 15 years.

The chairman of Surrey's management board, Raman Subba Row, said: "We still have got to get cash in quickly and there is a long way to go."

An appeal to save the Oval was launched this year, asking for £1 million (\$1.7 million). But the Surrey club was advised by its lawyers that a further £1 million was necessary before work could start.

Scores

At Neath: Leicestershire 301 for six (J. Whitaker 126, L. Potter 66) v Glamorgan.

At Northampton: Northamptonshire 193 in 62.1 overs (R. Bailey 51, D. Wild 41, O. Mortenson 51) v Derbyshire 102 for five.

At Taunton: Hampshire 302 for seven (D. Turner 93, J. Ayling 49, R. Scott 40) v Somerset. At the Oval: Lancashire 84 in 32.4 overs (S. Clarke four for 29, M. Feltham four for 45), Surrey 231 for four in 70 overs (M. Lynch 103, A. Stewart 70).

At Headingley: Yorkshire 215 for two in 100 overs (A. Metcalfe 109 not out, M. Moxon 57) v Middlesex.

At Maidstone: Sussex 184 in 76.5 overs (A. Pigott 47 not out, A. Iggleden four for 53), Kent 87 for one in 33 overs (R. Pienaar 47 not out).

At Worcester: Warwickshire 198 in 86.4 overs (G. Dilley four for 53), Worcestershire 40 for three in 19 overs.

Kiwis' tour of India could be cancelled

WELLINGTON, New Zealand, Aug. 26, (AP): New Zealand Cricket Council chairman Bob Vance said today that a planned tour of India by the national team could be cancelled if the itinerary was not changed.

Vance said the NZCC was unhappy that the Indian Cricket Board had released an itinerary before it had been agreed to by the New Zealand Board of Control.

He said the itinerary called for the tour, which is scheduled to start on Oct. 27, to end with a gruelling series of one-day internationals, including five matches in just nine days.

Australia's opening match under threat

ISLAMABAD, Aug. 26, (Reuters): The opening match of Australia's tour of Pakistan was under threat yesterday after the Rawalpindi Cricket Association asked for it to be postponed following the death of President Mohammad Zia-ul-Haq.

Australia are due to begin their five-week tour on September 5 with a three-day match against a President's XI in Rawalpindi. Zia's adopted home town.

But the local association asked the Pakistani Cricket Board to postpone the match

for at least four weeks or cancel it altogether because people were mourning his death, the official APP news agency said.

Zia, the club's chief patron, was killed on August 17 in a plane crash which Pakistani officials suspect was caused by a bomb, a missile or technical sabotage.

Used

The Rawalpindi match was one of two three-day matches being used by the Australians as a warm-up for the first Test beginning in Karachi on September 15.

The other warm-up match is scheduled for Quetta but the dates of both games have already been changed once to avoid playing on September 11, anniversary of the death of Pakistan's founder Mohammad Ali Jinnah.

The tour has already lost Pakistan's biggest star, Imran Khan, who has been widely quoted as saying the weather was too hot and sticky for cricket at this time of year.

No official of the Pakistani cricket board was immediately available for comment.

Olympic flame reaches Bangkok from Athens

BANGKOK, Thailand, Aug. 26, (AP): Some 200 government and sports officials today welcomed the arrival of the Olympic flame from Greece under tight security at the military side of Bangkok's Don Muang international airport.

The flame, which will burn throughout the Sept 17-Oct 2 Olympic Games in Seoul, South Korea, was to be kept overnight in Thailand.

The flame arrived aboard a Korean airlines flight under the guard of Kim Yong-Rae, Seoul's mayor and president of the 24th Olympic organising committee.

Brought

As the Royal Thai Air Force band played the Olympic anthem, Kim brought the flame down the plane steps and handed it to Bangkok governor Chamlong Srimuang, said Sanitparb Tejavaniya, deputy secretary-general of the Olympic Committee of Thailand.

Chamlong gave the flame to Thailand's Olympic medallists, Payao Poonarat and Tawee Ampornmahar, who lit a special cauldron with it, he said.

More than 120 Thais in traditional costumes danced to the beat of drums to celebrate the flame's arrival, he said.

The flame was lit on Tuesday in Athens from the rays of the sun. Three separate lanterns were being used to transport it, and a fourth is being kept at the



A Greek presidential guard and two priestesses watch the flame, lit in a cauldron, on the top of the rock of Acropolis. (Reuters wirephoto)

Korean embassy in Athens. Kim will continue the long journey to Seoul on Saturday.

From Seoul, the flame will be taken to southern Cheju Island, where it will begin a 22-day journey, carried 1,362 runners over 4,167 kilometres (2,584 miles), and arrive on Sept 17 at the main Olympic stadium in the South Korean capital.

Yesterday the flame was handed over to officials of the Games at a gala ceremony in a candle and floodlit ancient marble stadium in Athens.

A torch-carrying athlete ran to the stadium from the Acropolis and lit a cauldron with the flame as another runner held aloft an olive branch and released white doves.

"We are handing you the

flame full of confidence that you will treat it as it deserves and with respect," Greek Olympic committee president Lambis Nicolau said before handing over the torch, lit again from the cauldron.

"From Seoul its light will embrace the world," he added. Kim Yong-Rae exultantly held the torch high over his head to the cheers of the crowd.

"The Olympian spirit of ancient Greece and world peace, the idea that Coubertin (Frenchman Baron Pierre de Coubertin, founder of the modern Olympics) had always longed for will be fulfilled in the Far Eastern country of Korea," Kim said in a speech.

Korean and Greek folk dances preceded the ceremony.



Payao Poonarat carries the torch past a military brass band. (Reuters wirephoto)

Cauthen injured in bad fall

GOODWOOD, England, Aug. 26, (Reuters): American Steve Cauthen, Britain's champion jockey, was taken to hospital unconscious following a bad fall during a race at Goodwood today.

Course officials said Cauthen's mount Preziosa fell and brought down Cauthen's three furlongs from the finish of the mile-and-a-half Country Club Handicap for three year olds.

Cauthen was left motionless on the ground after both horses rolled over him. Cauthen's jockey Nicky Adams was left clutching his shoulder after being thrown clear.

A course spokesman said: "Both jockeys have gone to hospital for precautionary X-rays. We will have more information later."

Medical staff broke with procedure by taking Cauthen straight to hospital in nearby Chichester instead of first to the course medical room for examination.

Just before the fall Cauthen smacked back Preziosa and then the filly crashed to the ground right in the middle of the pack. Adams had no chance to take avoiding action.

Cauthen is currently second in the championship table with 102 winners. He trails leader Pat Eddery by 35.

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